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15 December 1981

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# ASEAN GUIDELINES ON INDUSTRIAL JOINT VENTURES APPROVED

Kuala Lumpur BUSINESS TIMES in English 10 Nov 81 p 6

[Article by Abrino Aydinan in Manila]

[Excerpts]

THE Asean Committee on Industry, Minerals and Energy (COIME) has approved the basic guidelines for the Asean Industrial Joint Venture (AIJV), a scheme for cooperation in essentially private sector projects not feasible under the ongoing industrial complementation programme.

Edgardo I. Tordesillas, deputy trade and industry minister, who chaired the COIME meeting in Manila in October outlined the guidelines that would be recommended for approval by economic ministers of Asean at their meeting in December.

The COIME agreed on the following:

- AIJV will be limited initially to products, to exclude services, but may be expanded in the future;
- At least two Asean countries can form an AIJV project, but non-Asean companies can participate;
- The Asean Chamber of Commerce and Industry (CCI) will take a primary role in identifying products for AIJV projects;
- AIJV projects are protected by exclusivity privileges in Asean —

no similar projects can be put up in both participating and non-participating countries for two years in the case of products currently being manufactured, and three years for new products with a possible extension to a fourth year if decided by the economic ministers.

- Products of AIJV will get preferences under the Asean preferential trading arrangements (PTA) as well as special preferences outside the PTA;
- The same institutional arrangements for Asean Industrial Complementation (AIC) projects are adopted for AIJV products. These arrangements provide for project proposals to be evaluated by COIME and endorsed by the economic ministers.

Under the COIME decision, AIJV projects will get the same privileges and obligations as those stipulated in the basic agreement on AIC.

Both AIJV and AIC are essentially private sector programmes. On the other hand, the Asean Industrial Projects (AIP), the first to be implemented and do-

signed to provide a basic industrial infrastructure, is undertaken by the governments.

**UNRESOLVED:** The COIME however left out some difficult issues raised by the Philippine business sector and the Asean private sector as a whole, which the COIME opted to leave for decision by the economic minister.

Philippine businessmen who met with the COIME proposed expanding the scope of the AIJV to include not only products but also trading, financing, shipping and other services.

Philippine officials were said to be inclined towards a wider coverage of the AIJV. Trade and Industry Minister Roberto V. Ongpin was reported to have inspired the idea of forming AIJV projects in services as well as products.

Certain Asean delegations had reservations on the expanded AIJV concept, Mr Tordesillas said.

Mr Tordesillas said: "Rather than delay (decision on) the AIJV, we approved the

guidelines and we will continue considering including services at a later period."

**OWNERSHIP:** One issue that remained unresolved concerns equity shareholdings, of Asean nationals in AIJV host country to investors from other Asean countries.

The ASEAN-CCI draft of the guidelines preferred full Asean ownership of AIJV projects, but provided that "in the event that full Asean ownership cannot be realised, non-Asean nationals may then be invited to participate — but their participation, direct or indirect, shall not exceed 49 per cent.

The alternative thrust prepared by the Philippine Asean Council would like joint venture projects to be at least 60 per cent Asean-owned. However, it included a provision that an investing firm in a project should be at least 70 per cent Asean-owned. In cases where this is not possible, the "grandfather rule" in ownership will apply — adding up the non-Asean equity in every participating firm to a maximum of 40 per cent non-Asean ownership.

## PRC OFFICIAL DISCUSSES SINO-INDIAN RELATIONS

Bombay THE TIMES OF INDIA in English 1 Nov 81 p 9

[Text] BEIJING, October 31 (UPI).

**S**INO-Indian differences on the border question, "though serious can and should be solved through negotiations," a highly-placed Chinese official said here today.

In an exclusive interview to UNI, the official admitted that an early solution of this long-standing dispute was essential for fully normalising relations between the two countries.

The official, however, urged that, in the meanwhile, efforts should be made to improve relations by promoting exchanges in various fields like information, culture and trade. Recently some steps had been taken in this regard but these were not enough.

He pointed out that Prime Minister, Mrs. Indira Gandhi herself had commended this approach during the visit of Chinese foreign minister, Mr. Huang Hua to India last June.

**"FORGET BYGONES"**

Sino-Indian relations, he said, had got soured only in the last 19 years but one should not forget that the two countries had had 3000 years of close ties. This bad patch should be forgotten by both. "Let bygones be bygones and let us look towards the future," he said.

The official referred to the "fruitful" meeting between Chinese Premier, Mr. Zhao Ziyang and Mrs. Gandhi at Cancun and said Mrs. Gandhi had been invited to visit China. He hoped she would do so soon.

Asked if China would recognise the McMahon Line and negotiate only Aksai Chin as indicated by some Chinese leaders themselves in the past, the official said he would not like to offer any comments at this stage.

He said an Indian official team was coming here next month for talks on the subject and it should be left to them and the two governments

to handle it.

The official was asked to indicate what had led to the drift in Sino-Indian relations over the last two decades, apart from the unfortunate border conflict.

He replied that if he was pressed for an answer, he would say that it was the effort of former Soviet prime minister, Mr. Nikita Khrushchev to sow discord between the two countries.

**INDO-SOVIET TREATY**

The official was asked if he considered the Indo-Soviet treaty of peace and friendship an obstacle to Sino-Indian friendship.

In his view, he said, after the emergence of Khrushchev at the helm, the Soviet Union had become an expansionist hegemonistic and imperialistic power.

When such a country signed a treaty of friendship with India, one should be sceptical about its real intentions. Even his own country and Egypt had signed similar treaties with Russia.

One had only to read the memoirs of the late Egyptian president, Mr. Anwar Sadat for a correct assessment of Soviet intentions. He had pointed out how Egypt was let down by the U.S.S.R. at a critical time of its conflict with Israel.

The official felt that this treaty had denied the image of India as a non-aligned country. India's stand on Afghanistan and Kampuchea, with which his own country sharply differed, had not been liked by many non-aligned nations.

Perhaps, this treaty had something to do with India's stand, he said.

Asked if there was an apprehension in the Chinese mind that India might side with the U.S.S.R. in the event of a Sino-Soviet conflict on account of this treaty, the official said he would not like to peep into the future course of events.

On Pakistan, he said, China perceived

ed no threat to India from Pakistan.

The U.S. arms aid should not needlessly worry India specially when Pakistan itself was gripped by the fear that in the Soviet scheme of things, its turn might follow Afghanistan's.

The Chinese were, however, concerned with reports of border clashes between India and Pakistan lately and would like these to end and their relations restored to normalcy, he said.

Asked about the competing military presences of the two super powers in the Indian ocean, the official said that China was opposed to an arms race between the Big Two in any region of the world.

China had always regarded the role of ASEAN as vital for peace in the region. India should also respect ASEAN India, China and the ASEAN nations should join in a combined endeavour for peace and stability in the world, he said.

The Chinese official was told that while both the countries were engaged in promoting greater contacts, the Chinese "People's Daily" published little or no news about India. The official admitted that this was a lapse which should be rectified.

He favoured exchange of journalists and other media men to promote greater understanding between the two peoples. He recalled their age-old ties and said it was, in fact, China which had re-exported Buddhism to Japan after importing it from India. There was no reason why the two countries bound together by such historical ties and memories should not come closer to each other, he said.

The official recalled how the father of communist China, Chairman Mao Ze Dong had said in 1970 that India and China should bury the hatchet and open a new chapter of friendship.

He had conveyed a special message to Mrs. Gandhi through the Indian charge d'affaires in this regard, he added.



INDIAN EDITOR RETURNS FROM VISIT TO PRC

Activities During Visit

New Delhi PATRIOT in English 23 Oct 81 p 7

[Text] PATRIOT editor, R. K. Mishra returned to New Delhi after a 12-day visit to the People's Republic of China on Thursday morning. Apart from a meeting with Chinese Vice-Premier Ji Pengfei, he had two and a half hours discussion with Chinese Vice Minister for Foreign Affairs Zhong Xidong, Mr Zhong briefed him on Chinese position on international issues and various aspects of foreign policies.

During his visit, the editor had extensive discussions with senior functionaries of the Chinese People's Association for Foreign Trade, Foreign Relations, Trade People's Daily and XINHUA NEWS AGENCY. He visited Guangzhou, Shanghai, Xian, Talyuan and Da Tong. He also exchanged views with Chinese scholars in the South Asia Centre of Peking University and Dr Sunyat Sen University at Guangzhou.

During the visit, undertaken in pursuance of a decision of the Editorial Board of PATRIOT and LINK, he studied the working of a commune, saw industrial establishments and toured many places of historical importance, specially ancient Buddhist temples.

In China, he had frank and candid discussions on the situation in that country following the fall of the Gang of Four, the new thrust of economic policies of the Chinese Communist Party and the Government, problems of youth and women and the domestic and foreign policies of the new Chinese leadership.

In Peking, Madam Li Chin, Deputy Chief Editor of the XINHUA NEWS AGENCY, hosted a banquet for him.

During his meeting with Vice Premier Ji Pengfei and other Chinese leaders, the Editor complimented XINHUA for the excellent arrangements they had made for his meetings during his stay in China which enabled him to grasp a lot in such a short period.

## Meeting With Vice Premier

New Delhi PATRIOT in English 23 Oct 81 pp 1, 7

[Article by R. K. Mishra: "Chinese Leader Wants Better Relations"]

[Text]

**BEIJING:**  
**T**HE Chinese leadership is of the view that 'if the border problem between India and China is solved then that is all to the good. If, however, it remains unsolved for the moment, we can postpone the issue and resolve it when conditions are appropriate.'

This was stated by Vice-Premier Ji Pengfei at a meeting with me during which the senior party and Government leader of the People's Republic of China candidly admitted that 'we have differences with India in our outlook on world affairs.' But the relations between the two countries 'must not suffer because of these differences in outlook,' he added.

The meeting, which took place at the Great Hall of the People, came at the conclusion of my 12-day visit to China. India's Ambassador to Beijing K S Bajpai was present.

Mr Ji is a member of the Central Committee of the Chinese Communist Party and has held many important positions in the party and the Government in the past, including that of Vice-Chairman and Secretary General of the National People's Congress. He was Minister for Foreign Affairs of the People's Republic of China after the death of Mr Chen Yi.

### VARIOUS ASPECTS

During the meeting, which lasted about 30 minutes, Mr Ji re-

ferred more than once to various aspects of India-China relations and to the border problem. The Vice-Premier remarked 'what are the outstanding problems between us? At the most there exists the border problem. If it remains unsolved for the time being, there is cause for concern, but we can gradually discuss this. Can't we?'

'Soon your country is to send a delegation for negotiations with our Foreign Office in order to settle problems in our relationship. We welcome them,' he said.

'Not only do we need to discuss the border question, but we can also discuss economic issues, the question of exchange of personnel and cultural exchanges. If the border problem is solved then that is all to the good. If it remains unsolved for the moment, we can postpone the issue and resolve it when conditions are appropriate,' Mr Ji added.

'Don't worry about the border dispute; we can discuss it gradually. This must not affect relations between our two countries,' he reiterated later.

### BETTER RELATIONS

'The past is over and done with,' said Mr Ji. 'From now on we hope that the two countries will have comparatively better relations.'

Mr Ji observed that 'both our countries are very important. The normalisation of relations

between our countries is very significant for peace in the whole of Asia and the World.'

Candidly admitting the fact that the two countries did not have the same perception of various international problems, the Chinese leader said: 'We have differences with India in our outlook on world affairs. We need not worry on this score as these can be resolved on the basis of increased contacts and understanding.'

He said: 'We must allow for differences in outlook; there are differences within a single country, not to speak of two countries.'

The Vice-Premier emphasised that 'our relations must develop steadily and must not suffer because of differences in outlook.'

He expressed the hope that the relations between the two countries 'will return to the pre-sixties level. We had a good relationship then. If we can improve on that, so much the better.'

He said that both India and China are 'developing countries and both need to build our relations'. The two countries should try to identify what was common ground between them, excluding the differences. He said that there was need for more contacts and better understanding in the relations between the two countries.

The Chinese leader said 'India is a large nation with many things we can learn from. Of



course you can also learn from us on several counts. Improved relations will help both countries."

"Our two countries are neighbours and are both large countries, densely populated with an enormous surface area. We must understand each other and do this more and more. Until a few years ago our contacts were few and our mutual understanding poor. This situation must not be allowed to continue and must be changed," Mr Ji said.

He expressed the hope that "contacts between the two countries would increase and result in improvement of mutual understanding, and development of friendly relations."

He recalled the then Chinese Premier Hua's meeting with Prime Minister Indira Gandhi in Belgrade when two leaders had gone to attend President Tito's funeral and subsequent discussion which Chinese Foreign Minister Huang Hua had during his visit to Delhi last June.

During these meetings, leaders of both countries had expressed their desire to increase contacts and improve cooperation between the two countries. "Our relations must speedily improve. This is not only the wish of our two peoples but also the common desire of our two governments" Mr Ji added.

Responding to an observation that Prime Minister Indira Gandhi had taken a series of steps since 1976 for improving relation with China and that India wished to base its relations with all countries on the basis of equality and mutual respect for independence and sovereignty of other States, Mr Ji said that "China and India both large countries, have always had good relations in the past. Later Prime Minister Nehru and Premier Zhou Enlai authored the five principles of peaceful coexistence at the Bandung Conference, China still respect the 'five principles.'"

"We respect the sovereignty, territorial integrity of other nations," he added.

Mr Ji said China had "always advocated noninterference in the internal policies of other nations.

The Vice-Premier welcomed my visit to China and said that "this will have the advantage of increasing our mutual understanding."

Mr Ji was appointed Vice-Premier in September 1979. Earlier he was China's Ambassador to the German Democratic Republic and also Vice Minister for Foreign Affairs. He has also been a principal figure overseeing the international relations between the Chinese Communist Party and the Communist parties of other countries.

CSO: 4220/7317

PRC REPORTED TO WANT BORDER TALKS WITH BHUTAN

Madras THE HINDU in English 1 Nov 81 p 11

[Article by G. K. Reddy]

[Text]

NEW DELHI, Oct. 31

As a logical follow-up of the impending talks with India on the border problem, China intends to have parallel discussions with Bhutan for the demarcation of its boundary with Tibet.

The dialogue with Bhutan is expected to begin after the Indian and Chinese officials have met and settled the modalities for the border negotiations.

The boundary between Nepal and Tibet has already been delineated on maps except at the two trijunction points which can be demarcated only after the settlement of the Sino-Indian border dispute. Similarly, the trijunction point between India, Burma and Tibet at the end of the McMahon Line has been left open during the demarcation of the Indo-Burmese boundary in the North-Eastern Region.

The proposed Sino-Bhutanese border talks thus assume considerable importance in the context of the current Sino-Indian moves for normalisation. Though no dates have yet been set for it, China and Bhutan have agreed in principle to begin a dialogue on border demarcation.

India's concurrence: The Bhutanese Government proposes to engage in this exercise with Indian political concurrence and technical assistance. The

survey of the Bhutanese border has been done by Indian experts from the British days and the necessary maps drawn up based on the traditional demarcation.

The present Government in China has been making renewed overtures to the Dalai Lama to make a trip to Tibet to study the local situation and decide for himself whether he should return to his homeland to serve his people. An offer has been made to him through his own relatives, who had visited Tibet, to pay a visit without any commitments on his part.

But he has not yet decided whether the time is ripe for paying a visit to Tibet, let alone for return from his 23-year exile. He is, however, reported to be satisfied that the conditions in Tibet now are better, although the people still resent the continued regimentation of their lives.

**Sino-Indian talks:** The Sino-Indian official level talks are likely to be held towards the end of November or even early December, depending on mutual convenience. The Indian side has suggested some tentative dates and a decision will be taken soon about both the timing and the level of participation.

CSO: 4220/7341

## DACCA AIMING AT FOOD SELF-SUFFICIENCY IN 1985

Kuala Lumpur BUSINESS TIMES in English 28 Oct81 p 6

[Article by Mufazzal Hussain in Dacca]

## [Excerpts]

BANGLADESH is slowly moving away from its "basket case" image and is now more optimistic of feeding its teeming millions on its own by 1985.

Thanks to two consecutive bumper harvests, the country has managed to reduce its average annual food grain imports from 1.5 million tons to 1.1 million tons.

The shortfall in domestic grain production regarding consumption remains considerable. But the fact that it has finally managed to whittle down its grain imports is of considerable psychological as well as material comfort to a nation used to be called an international "basket case."

Encouraged by the initial success of the grain production campaign, the country now hopes to attain food self-sufficiency by the last year of the Second Five-Year Plan (SFYP), 1980-85.

To firm up the country's agricultural production campaign, Dacca has launched a medium-term food production plan (MTFPP) which outlines a "systematic approach" to food production.

Under this programme, the problem of attaining food self-sufficiency would be undertaken by the MTFPP instead of temporary efforts usually done in the past.

The Agriculture Ministry hopes that new initiatives to revitalise Bangladesh's lethargic food production programme would generate a total food grain output of 20 million tons by 1984-85, or a growth rate of about 6.2 per cent annually.

In crop-year 1979-80, Bangladesh produced only a little over 13 million tons of food grains.

The 20-million-ton target is exclusive of the estimated 10 per cent of total production lost due to severe weather conditions peculiar to the country.

Government estimates of future production means that Bangladesh would initially be able to feed 102 million of its population with 15.5 ounces of food per capita each day with almost 80 per cent of the average individual calorie requirement.

The government's strategy to increase crop yields includes a planned switch to rain-fed, high-yielding varieties, the expansion of rain-fed wheat, improved agricultural methods, full use of existing irrigation facilities, drainage and flood control and the establishment of new irrigation systems.

The incremental production of rice and wheat has been apportioned to different kinds of cereals for programming and implementation, an official of the Agriculture Ministry explained.

Emphasis is being given to the input distribution programme which agriculture planners claim to have made steady progress over the past few years.

An expert of the Bangladesh Agricultural Research Council said that except during years of severe drought or flooding, the effect of agricultural inputs, like fertiliser, on the overall production pattern has been greatly encouraging.

The government's programme for food self-sufficiency is backstopped by an expanded fertiliser-manufacturing scheme. By mid-1982, a multi-million-dollar fertiliser plant will be fully operational.

Agriculture Ministry officials said that during the current five-year plan, a total of 1.9 million tons of fertiliser will be distributed throughout the agricultural sector.

To ensure a smooth distribution of the fertiliser supply, the government plans to let the small private traders and village co-operatives handle the

job. The Bangladesh Agricultural Development Corporation (BADC) used to handle the entire fertiliser distribution system.

Another major thrust of the food production programme is to expand irrigation.

Statistics show that out of the total cultivable land of about 23 million acres, only about 1.34 million acres are triple-cropped and 8.4 million acres are used for double-cropping.

This means that a substantial production potential remains dormant because of lack of irrigation facilities.

In irrigation, said an Agriculture Ministry official, "lies the main prospect of increasing the agricultural production of the country." He said that by 1985, the irrigated area will increase to 7.2 million acres.

To complement the nation-wide food production programme, the government has also stepped up extension works which include motivational and promotional activities geared to encourage farmers to adopt modern agricultural methods.

The government has adopted measures to remove constraints, which stood in the way of the efficient transfer of technology by introducing a new training system.

In addition, Agriculture Ministry officials have been instructed to oversee and evaluate actual conditions in the countryside instead of supervising field projects from the comforts of their offices as before.

Bangladesh's total effort to drastically improve its food production performance may not push it into the category of a food exporter. But if it manages to become self-sufficient in food, it would be a monumental achievement. — Depthnews Special

INDIANS REPORTEDLY MISTREAT ENCLAVE RESIDENTS

Dacca THE BANGLADESH OBSERVER in English 26 Oct 81 pp 1, 12

[Text] Rangpur, Oct. 25--Entire ten thousand population of Dahagram and Angorpota enclaves yet experiencing captive life due to continuous blockade by Indian nationals and Arji party. Although an agreement signed in between Deputy Commissioners of Rangpur and Coochbihar on September 15 to withdraw blockade, the Indian people instead showing respect to this accord, tightened blockade around these enclaves pressurising on enclave people to surrender to them.

According to information received at Patgram the people of Dahagram and Angorpota could not observe Eid festival due to blockade. Indian party equipped with arms lathies and bows and arrows patrolling around these enclaves round the clock preventing enclave people to come out from inside enclaves. On October 5 one Abdul Khaleque (25) of Dahagram who anyhow went to Dhapra bazar inside Indian territory was beaten by Indian nationals and Arji Party and his goods were snatched away and later on sent to hazat on some false allegation. On same day at Mekkiganj some children from Dahagram who went to purchase goods for Eid festival were caught by Arji Party and they beaten back snatching away their money. At Tin Bigha passage many other people were beaten by Indian nationals and Arji Party as they tried to enter inside main land at Panbari to purchase goods from Patgram to observe Eid festival. On October 13 one Raisuddin of Dahagram beaten by Indian nationals at Dhapra bazar.

On October 19 one Abdur Rezzaque (30) and Abdul Wahab (40) of Dahagram caught by Arji Party at Dhapra bazar and sent to jail hazat as they entered there to purchase daily necessities. On same day huge Indian nationals along with Arji Party equipped with arms cattlies raided house of one Kamruzzaman (27) of Munshipara village under Dahagram in broad day light at about 2 p.m. and ransacked his house and damaged paddy field in search of him. They come to arrest him on allegation that he bading causes of Dahagram Angorpota enclaves people. Since Indians blockade started around there enclaves on and from June 6 hardly a day passed without any incidents of beating the enclave people and hijacking of their cattle by Indians. According to latest information at least 50 persons including their 30 children died of starvation and malnutrition. Many others yet suffering from various diseases. One Taher (25) of Dahagram who attacked by eye disease some days back now facing condition of blindness due to want of treatment.

CSO: 4220/7375

## POLICY MODIFICATIONS LEAD TO ECONOMIC REVIVAL

Kuala Lumpur BUSINESS TIMES in English 23 Oct 81 p 6

[Article by Michael Fathers in Rangoon]

## [Excerpts]

BURMA is undergoing an economic revival, helped largely by previously banned foreign aid and new high-yielding strains of rice.

And the shroud of xenophobia which blanketed the country is being lifted cautiously, according to diplomats in Rangoon.

The change after nearly 20 years of rigid socialist control is highlighted by the planned return of English as the medium of instruction in universities and secondary schools later this year.

Crash courses are being organised for teachers from kindergarten level upwards and programmes on learning English are broadcast daily on Burma's one-year-old television network. Scripts are published the next day in local newspapers.

"A whole generation of Burmese was lost. Students no longer understand English and it will take us years to even catch the coat tails of the rest of the world," a bitter Burmese academic told Reuters.

The about-turn in education began last year when according to popular rumour President Ne Win, a fluent English speaker, was shocked that a daughter, trained as a physician in Burma, was refused ad-

mittance to a post-graduate medical course in Britain because she failed to pass an English-language test.

The economy began picking up when the government reversed its stand on foreign aid after a major food shortage in 1974 and student riots shocked Ne Win and his ministers.

The following year Burma cautiously began accepting foreign capital, eased its rigid economic controls, started a policy of large-scale investment in agriculture and other primary producing export industries such as forestry and fisheries, and introduced incentives and bonuses for workers.

The economic decline halted. Exports jumped impressively from US\$180 million in 1975 to US\$400 million last year and there has been an average six per cent annual rise in the gross domestic product.

Rice production, the key indicator of Burma's prosperity and its main foreign exchange earner, reached a record 12 million tonnes last year, according to government statistics.

Most of the foreign aid, averaging US\$500 million annually from Japan, West Germany, Britain, China, Australia and this year for the first

time from the United States, and international agencies such as the World Bank and the Asian Development Bank, is being ploughed back into agricultural development projects, transport and the oil industry.

Burma is self-sufficient in petroleum and exports a small surplus to Japan. But like other sectors of the economy production slumped during the 60s and 70s to a low of 7.1 million barrels in 1975 and Burma was forced to import petroleum for the first time. Domestic demand is about eight million barrels.

Last year oil production reached 11.7 million barrels.

Offshore exploration by foreign oil companies in the Bay of Bengal and the Andaman Sea ended several years ago without success and the Burmese government is to resume the search itself.

Despite the upturn, Burma has not yet reached the prosperity it enjoyed nearly 20 years ago when General Ne Win ousted elected Prime Minister U Nu and imposed his so-called Burmese way to socialism.

The volume of exports last year was 40 per cent

of the 1975 level when the economy began its decline and was only 10 per cent of the pre-World War Two level in 1940 when Burma was the ricebowl of Asia and one of the world's major exporters of raw materials, according to the World Bank.

President Ne Win's government does not admit to unemployment and no figures are published.

The nearest it came to recognising the problem was by encouraging hundreds of university graduates to go to the countryside to work on farms to help with the harvest. It also set up regional colleges in 1975 for school leavers to cope with increased student numbers and to delay university entrance for at least three years.

Many of Burma's five million students were the victims of President Ne Win's 1966 Burmanisation programme which directed them to studies for jobs in state factories, industry and research establishments which because of poverty were never set up, the diplomats said.

Most are now taxi drivers, street vendors, mechanics, petty clerks, waiters, storemen and hawkers who service the private sector and the black market or have joined the armed forces.

Thousands are still jobless waiting for the few positions available each year in the public service and the state-owned trading and financial corporations. — Reuters



## WRITER SEES MIXED ECONOMIC SIGNALS FOR 1981-82

Bombay THE TIMES OF INDIA in English 27 Oct 81 pp 1, 12

[Article by D. P. Sharma]

[Text]

**I**F one were to judge merely by the figures of gross national product (GNP), the economy could be said to have performed reasonably well last year and the outlook for the new Samvat Year also might not seem unpromising. But this would be too simplistic a view of the complex economic situation.

The year that has gone by was a year of impressive recovery and the current year seems to be one of mild growth. The most pleasing aspect of the current economic scene is the significant improvement in the supply of coal, power and railway wagons, made possible in no small measure by better co-ordination between different ministries and stricter monitoring of performance.

On present reckoning, industrial production in 1981-82 is likely to register an increase of about 10 per cent against the previous year's 4.1 per cent. The increase in agricultural production is estimated to be rather small, around two per cent against 19.2 per cent in 1980-81. Both foodgrain and commercial crops are expected to be better, the increase being particularly marked in sugarcane. Foodgrain output is expected to be around 17.1-17.4 million tonnes.

On the price front, the increase in the wholesale price index during the 12 months ended September 26, on point-to-point basis, has been substantially low — 7.2 per cent against 19.1 per cent in the same period of the previous year. This, however, is not reflected in the consumer price index.

On the basis of anticipated increase

in farm and factory output, one could look forward to an increase of 3.5 to 4 per cent in national income against a rise of 7 per cent in 1980-81.

Going by the figures of the farm and factory output and of the national income, ministerial pronouncements have tended to foster the impression that the sixth plan targets — agriculture 4.2 per cent, industry 8 to 9 per cent and GNP 5.2 per cent — are well within reach. But the picture looks very different if one takes into account the figures for the 1979-80 drought year when agricultural production dropped by 15.7 per cent, industrial output by 1.4 per cent and national income by 4.5 per cent.

Despite the emergence of a few hopeful signs, the economic horizon continues to be dotted with many question marks. Improvement in farm and factory output, welcome as it is, provides no more than a gloss over the economy where the basic situation has been steadily deteriorating.

The increase in the use of farm inputs — HYV seeds, fertilisers, pesticides, irrigation, finance — during the past decade or so has not led to any corresponding increase in output. The rate of increase in agricultural output has been barely keeping pace with the rate of growth in population. The growth rate has, in fact, been decelerating: it was 3.2 per cent between 1951-52 and 1964-65 and 2.2 per cent between 1964-65 and 1980-81.

It might come as a surprise that the per capita farm output in 1980-81 was significantly below the level reached as far back as 1970-71. The per capita foodgrain output in India is barely one-fifth of that in Russia, Germany and Europe. It is the inade-

quate purchasing power of the people that accounts for the illusion of self-sufficiency.

It is ominous that despite an impressive increase in foodgrain production from 109 million tonnes in 1979-80 to 133 million tonnes in 1980-81, there has been no improvement in procurement Food stocks with the government at the end of July 1981 stood at 13 million tonnes against 21.8 million tonnes two years earlier. Agricultural commodity prices which had risen by 12 per cent in the year of drought rose by 14 per cent in a year of good harvest. That New Delhi should have deemed it necessary to resort to grain imports after a lapse of four years is a measure of its concern over the supply position.

## INDUSTRIAL LANDSCAPE

Industrial growth rate in the organised sector has also shown steady deceleration — from 7.4 per cent a year in the fifties to 6.3 per cent in the sixties and 4.6 per cent in the seventies. Apparently, massive investment and technological changes are required to raise the growth rate.

The unprecedented boom on the stock exchange, lifting the equity price index by the end of June to a level which even the most inveterate bulls could not possibly have anticipated at the turn of the year, and the significant increase in the sanctions and disbursement of loans by the public financial institutions give one the impression that an industrial boom is perhaps well under way. But the industrial landscape provides a curious blend of many odd elements.

While quite a few industrial units

are doing very well indeed, sickness in industry continues to be widespread. Various steps to restore health to sick units have proved to be of little avail so far. The three major industries — cotton textile, jute and tea — are having a tough time. Certain other industries are beginning to feel the pinch of consumer resistance.

There has, no doubt, come about a considerable improvement in the production of coal and power and the railways also have performed better, but it would be rash to conclude that all is now well with the infrastructure. Increase in coal output needs to be seen against the background of virtual stagnation in production over the years. Power supply remained vulnerable to the vagaries of the weather and erratic coal supply.

Any major breakthrough in the railway transport facilities in the near future seems very unlikely because of the low level of investment over the years. Already heavily overstrained, the railway system is in no position to meet the needs of expanding industrial output and economic activity. Industrial relations also have not undergone any major transformation. Industry continues to complain about financial stringency.

#### RATE OF INFLATION

Relief from the inflationary holocaust is still nowhere in sight. There has, no doubt, been a significant decline in the rate of inflation in terms of the wholesale price index. But the consumer price index which really matters does not show any signs of going down.

The government's anti-inflationary policy cannot command much credibility when it continues to push ahead with unproductive expenditure and when there is no let-up in the expansion of money supply despite the massive import surplus and the substantial decline in the net foreign exchange assets. Between March and September 26, 1981, money supply (M3) has risen by 5.9 per cent against 4.8 per cent in the same period last year.

The real obstacles to bringing inflation firmly under control are non-fiscal rather than fiscal and political rather than economic. It is no secret that profiteers and blackmarketeers often finance politicians and influence policies.

Non-inflationary path of development is virtually dependent on an efficient public distribution system, catering primarily to the needs of the poorer sections, both in the urban and rural areas. Public distribution needs to be treated as an integral part of the overall economic strategy.

Government finances continue to be

in a bad shape. The budgetary deficits of the first two years have made nonsense of the plan arithmetic. The continued large expansion in money supply in face of strong contractionary influences, the enormous increases in bank credit to the commercial sector, net bank credit to government, state governments' borrowing programme, make a mockery of fiscal and monetary discipline.

The financial system is becoming increasingly sick because of the obsession with a target-oriented approach to priority lending without the requisite organisational effort to monitor the efficient deployment of funds and adequate recovery machinery.

#### BALANCE OF PAYMENTS

Perhaps, the most disquieting aspect of the economic scenario is the widening of the trade deficit which threatens to cross the Rs. 6,000-crore mark this year, bringing down the country's foreign exchange reserves to a level — Rs. 3,763 crores at the end of August — which must cause serious concern. In the absence of any breakthrough in domestic production and productivity, it would be wishful to look to any major upthrust in exports, especially when the global environment is becoming increasingly hostile due to intensified competition and protectionist trends. Aid outlook has been clouded by international economic and political uncertainties.

The balance of payments position which has already deteriorated considerably is likely to worsen further. The \$ billion SDR loan and commercial loans from the international capital market will certainly help buy time, but they cannot solve the balance of payments problem. The foreign exchange crisis may well worsen over the years, if the projects set up with the foreign credits do not generate adequate additional foreign exchange for the servicing and repayment of capital. The only hope lies in the successful outcome of the proposed massive oil exploration effort which must necessarily take time.

Yet another serious problem that the economy will have to contend with is the relentless pressure of population. The 1981 census results have caused universal dismay.

The country's development cannot be said to have suffered from a lack of resources. Government expenditure and capital formation expenditure as a percentage of GNP have risen very substantially over the years. But this has not led to any acceleration in the growth rate.

It is a lack of a sense of priorities and inefficient use of resources which is mainly to blame for many of the ills afflicting the economy which is awash with black money.

## RESERVE BANK RELEASES 1980-81 ANNUAL REPORT

Calcutta THE STATESMAN in English 23 Oct 81 p 9

[Text]

NEW DELHI, Oct. 22.—In its report on the trend and progress of banking in 1980-81 released yesterday, the Reserve Bank said that the modifications in the banking sector had been made to curb inflation. But it has hardly abated despite 7% growth in the economy.

The report pointed out that in 1980-81, prices rose by 18% (on the basis of monthly average) compared to 17% the previous year, thereby contradicting recent claims made by the Finance Minister that inflation had become a single-digit figure.

The Reserve Bank pointed out that the resources position of the banks fluctuated at the year-ending, June 1981, and there were many changes in the interest rate structure. Monetary and credit policy responded easily to trends in the banking sector.

The report said that the effect of excessive primary money creation in the preceding two years and the sizable decline in foreign exchange reserves called for the need to control monetary expansion. The board strategy of monetary policy, therefore, continued to be structured around the deceleration of money and credit growth to rates consistent with increases in real income.

It was this strategy which alternately required relaxing the cash reserve ratio in October 1980, and its subsequent tightening in May 1981, and a further tightening of the credit policy in July 1981, culminating in the raising of the bank rate and the statutory liquidity ratio.

Liquidity in the banking system swung between the first and second half of the banking year, mainly because of the pace of deposit accretion in the first half. Deposits increased by 9.3%, but before the busy season demand for credit was expected to be substantial owing to the growth of the economy and to meet requirements of food credit, priority sectors, exports and fertilizer and oil imports.

Hence the Reserve Bank decid-

ed to exempt banks from maintaining the additional cash reserve of 10% of the incremental demand and time liabilities from October 1980.

In the second half of the year, deposits grew rapidly by 10.1% making it possible to expand non-food credit at a time when expectations of a slowdown in monetary expansion had not materialized (money supply increased by 18%). Prices were also rising. All this made it necessary to make monetary changes and the bank rate was raised from nine per cent to 10% and the crr and slr by one each.

For the year as a whole, the deposit growth was substantially higher than in 1979-80. The rise in aggregate deposits amounted to Rs 6,807 crores, or 20.4%, compared with an increase of Rs 4,706 crores, or 16.4%, in 1979-80.

The significantly higher deposit growth is attributed to the relatively higher increase in real national income in 1980-81 and, to some extent, to the sizable primary money creation. The expansion in non-food credit was much larger during the year at Rs 4,329 crores or by 23% compared to Rs 2,967 or by 17.8% in 1979-80.

Changes in the interest-rate structure simultaneously with the presentation of the last budget was an attempt to provide adequate incentives for savings in an inflationary environment.

The report said that in deployment of credit, the banks have a long way to go towards meeting the national targets. Thus, in March 1981, priority sector loans formed 33.6% of total credit—a level which was only marginally higher than the target of 33.3% set for March, 1979, and much below the stipulated target of 40% to be reached by 1983.



## LARGE SHORTFALL EXPECTED IN FOOD PRODUCTION

Calcutta THE SUNDAY STATESMAN in English 1 Nov 81 p 9

[Text] New Delhi, Oct 31.--Food production in 1980-81 dropped to 129.87 million tons against the Government's target of 135 million tons, according to official statistics released yesterday.

The food output in 1980-81 was two million tons--nearly 1.5% less than the 1978-79 record production achieved by the country. The shortfall by about five million tons has already forced the Government to import 1.5 million tons of wheat from the USA. More import is not ruled out.

The production figure has come as a shock in view of the Government's claim that the 1980-81 output target had more or less been achieved "notwithstanding adverse weather conditions." Judging by the production of nearly 130 million tons in 1980-81, the Government's target of 138 million tons for the current year is beyond reach.

The Government is now deriving consolation that the 1980-81 production represents an 18.4% increase over the previous year's output of 109.70 million tons. The comparison is odd because 1979-80 was a drought year. Nonetheless, yesterday's Government Press release gave the final production estimate of 1980-81 for rice, wheat coarse cereals and pulses along with the latest revised figures of 1979-80.

Thus, it was stated that the production of rice in 1980-81 was 53.23 million tons, 25.8% more than the previous year's output of 42.33 million tons. Similarly, the wheat output (1980-81) was 36.46 million tons compared with 31.83 million tons recorded in the previous year. The production of coarse cereals was 29.01 million tons as against 26.97 million tons in 1979-80. Finally, pulses output was 11.17 million tons in 1980-81 against 8.57 million tons registered in the previous year.

The Press note said that the final estimate of the wheat output for 1980-81 "exceeds by almost half a million tons the earlier estimates of 38 million tons." In 1978-79, the production level was 35.5 million tons. In 1979-80 the latest revised estimates place wheat production at 31.83 million tons.

The final estimate of rice "is about 1% lower than the previous record production of 53.77 million tons achieved in 1978-79." Again, the production of coarse cereals in 1980-81 is higher than the last year by 7.6% "though it falls short of the previous best by a margin of 4.7%."

The output of pulses in 1980-81 marks a rise of 30.3% over the previous year's production of 8.57 million tons. Though the crop year 1980-81 started well and promised to give a record crop, the kharif crop suffered heavily from drought towards the end of the monsoon season in Rajasthan and parts of Andhra Pradesh, Karnataka and Tamil Nadu. Also the failure of the north-east monsoon during October-December was a severe setback to samba, the main paddy crop of Tamil Nadu. Gram crop in Haryana and Rajasthan, too, suffered from drought and other unfavourable weather conditions in the rabi season while wheat in Punjab suffered damage from heavy rain and hailstorm in the second fortnight of March 1980. "In short, the crop year 1980-81 was characterized by unfavourable weather conditions both during the kharif and rabi seasons in several regions of the country," the Press note stated pointing out that a "remarkable recovery" had occurred in many States.

CSO: 4220/7340

## DELHI PLANS TO BORROW LARGE SUMS FROM WORLD MARKET

Calcutta THE STATESMAN in English 26 Oct 81 p 1

[Text] New Delhi, Oct. 25.--Apart from the \$5.6 million loan to be taken from the International Monetary Fund over a three-year period from this year, the Government plans substantial borrowings from world capital markets at relatively high rates of interest to finance development projects.

Such commercial borrowings have, under the terms of the IMF loan been limited to \$1.2 billion Special Drawing Rights for a year--which comes to roughly \$1.5 billion--but they are certain to exceed this amount because two major projects have been exempted from the limit set by the IMF.

The two projects are the 1.5-million-ton steel plant to be set up at Paradip in Orissa, the contract for which has been awarded to a British consortium led by Davy McKee, and a major super thermal power project the contract for which is still to be awarded.

In addition, the \$650 million alumina project being implemented by Aluminium Pechiney of France, for which a French consortium of banks is arranging the financing, will be outside the limit set for non-concessional commercial borrowings by the IMF. Hence, the overall borrowings from world capital markets could well be in the region of \$2 billion a year.

Such large borrowings will be made by India for the first time, since the Government has till now avoided tapping world capital markets to finance development projects. The main reason is that the interest rates are high, varying between 17% and 20%, and they will greatly add to the debt servicing burden.

For this reason the Government will limit the borrowings to quick-gestation projects, which can go into production quickly and hence pay for themselves without adding to the external debt excessively. Priority will be given to projects which either eliminate the need for imports or add to the export potential of the country.

There is growing interest in world capital markets in India, which has a high credit rating because of careful management of balance of payments problems and an unblemished record of debt repayment. It is because of this that the few loans raised on the Eurocurrency markets and the Hongkong market in the few years have faced no difficulty.

The biggest loans so far are those for the Paradip plant, the Orissa alumina project and the power projects being considered. It is possible that commercial borrowings will be considered for power and irrigation schemes, energy development steel projects and other key projects for which funds will otherwise not be available.

Private-sector firms will also be allowed to tap world capital markets for their foreign exchange needs though they will need the prior approval of the Government. Preference will be given to those which go to quasi-commercial institutions, such as the International Finance Corporation.

The quantum of the commercial borrowings should meet the questions that the U.S. Administration plans to raise when the IMF loan is considered by its executive board on November 9. The USA has been saying that India should have first exhausted the possibilities of commercial borrowings before going to the IMF.

CSO: 4220/7325

## DELEGATE SPEAKS IN UN DEBATE ON KAMPUCHEA

Madras THE HINDU in English 22 Oct 81 p 6

[Excerpt]

UNITED NATIONS Oct 21

India on Tuesday called upon the international community to encourage rather than obstruct a political dialogue among the countries of South-East Asia for a peaceful solution to the area's problems.

Speaking at the UN General Assembly meeting on Kampuchea, the Indian delegate, Mr. K. Krishnamurthi, said the countries of the region clearly recognised the need for such a dialogue.

"We are aware of the ongoing contacts among them and trust that these would continue and develop to mutual advantage," he said. "It is incumbent on the international community to encourage rather than obstruct such contacts."

The Assembly began consideration of the situation in Kampuchea on Monday and has before it a 33-member sponsored draft resolution calling for adoption of the declaration of the international conference on Kampuchea held at UN headquarters in July.

The declaration by the conference, which was not attended by India, included elements of negotiations for a political settlement of the Kampuchean problem. The sponsors of the present resolution include Britain, Canada, Australia, Japan, Thailand, Singapore, Malaysia, Indonesia and Pakistan.

**Threat to security:** Mr. Krishnamurthi said India was against the presence of foreign troops or bases in any country and was not oblivious of the South-East Asian countries' concern over the implications of the developments in the region for their own security.

However, it was necessary to realise that any position seeking to reverse the process of normalisation within Kam-

puchea, and the restoration of status quo ante in Kampuchea, would not be altogether productive," he said.

"It is difficult if not impossible to conceive of a situation where the people of Kampuchea would allow their erstwhile persecutors to return in order to unleash a reign of terror upon them once again."

He said India considered it a "bizarre inversion" of the principles of the United Nations Charter that the world organisation should continue to recognise "a moribund regime long since discarded by the Kampuchean people."

India's main concern was directed at alleviation of the sufferings inflicted upon the Kampuchean people by the "hated Pol Pot regime... during the short time they ran amok in that country."

**Team to visit Kampuchea:** He said the Government of India was continuing its modest effort to ameliorate the situation in Kampuchea and an Indian mission would visit there in the near future with a view to expanding cooperation for that country's reconstruction.

As for a viable political solution to the problem, Mr. Krishnamurthi said, India had always been prepared to support any constructive action leading to a defusion of tension in the area.

He said India had abstained on the General Assembly resolutions last year and the year before, and boycotted the Kampuchea conference in July because the approach embodied in these attempts was not directed towards such an end.

He referred to the recent non-aligned countries Foreign Ministers' conference in New Delhi and the Commonwealth heads of State meeting in Melbourne.

Both, he said, had stressed the urgent need for a comprehensive political solution which would provide for the withdrawal of all foreign forces, thus ensuring full respect for the sovereignty, independence and territorial integrity of all States in the region, including Kampuchea.

"The involvement and interference of outside powers in the region has exacerbated tension and must be eliminated."

"We would have very much hoped that the General Assembly would have found it possible to encourage a dialogue among the region's countries."

"Even if the were beyond the capacity of the Assembly for the present — as it regrettably seems to be the case — it would still be our hope that whatever the Assembly does would at least not come in the way of further attempts in this direction," he said.

## REDDY FAVORS GREATER AUTONOMY FOR STATES

Bombay THE TIMES OF INDIA in English 1 Nov 81 p 1

[Text] New Delhi, October 31 (PTI). The President, Mr N. Sanjiva Reddy, today came out strongly in favour of greater autonomy for states.

Delivering the Sardar Patel memorial lecture here, the President said the vastness and diversity of the country make it "almost impossible" for a central authority in "distant Delhi" to deal with the multifarious problems in different parts of the country promptly and efficiently.

The states "have become increasingly dissatisfied with their positions in the Indian federal system," Mr Reddy said and warned against neglecting the demand for greater autonomy on the plea that it was a threat to the country's integrity.

The president said that on past experience, a central authority "cannot claim greater competence, wisdom and objectivity or greater immunity" from extraneous influence, an argument advanced against greater autonomy to states.

#### "Remotely Situated"

The Centre had no different or more efficient machinery than what was available to states. Secondly, the political and administrative authorities at the state level were better informed and, would react and respond more readily to a situation than a "remotely situated" Central authority.

"Inept administration at the state level cannot be remedied by arrogation to itself of more power by the Centre," he said. The states were governed by popularly elected ministries responsible to local legislatures. It was ultimately for the people to deal appropriately with administrations that fall short of its expectations, he added.

While he realised that the question was a complex one, Mr Reddy said, "I am certain that the remedy for mal-administration in the states is not by any means greater power for the Centre. For, this would clearly imply want of faith in the working of democratic institutions at the state level, which might logically be extended to the institution at the Centre also."

The President, who was speaking on the theme "Integration of India" warned that a stage might come when the demand for greater autonomy might become not merely vocal but bitter, threatening the country's integrity. It would be unwise, he



said, to reject a "mere demand for examination of the problem as a threat to the country's integrity."

Mr Reddy said it was the path of statesmanship to recognise the desire of the states for autonomy to as large an extent as possible.

The autonomy problem was one that ought to be studied in "depth" in the light of the country's past experiences and the experience of other federations, the President said.

He said the demand might lie dormant for a while but in course of time the ever growing Central control and direction, was bound to be increasingly irksome to the states.

Mr Reddy said it was true that impartiality and integrity of local political and administrative authorities have on occasions been questioned.

"The remedy, however, is not to vest a remote Central authority with responsibility for dealing with such matters or vest supervisory power in the centre," the President said.

The President said there were many who had for a long time been pleading for the transfer of more financial resources to the states and for loosening of the powers of control and regulation, which the Centre had over the years acquired over the states, even in respect of subjects on the state list.

This demand, Mr Reddy said, was not confined to any particular party but had been heard from legislators and ministers belonging to all political parties.

He said "on occasions the demand remains muffled or even muted, but dissatisfaction with the limited financial resources of the states and desire for less control and regulation from the Centre is genuinely felt even if it remains unvoiced for reasons of party discipline."

Mr Reddy said open or implied threats of secession and frequent occurrence of disorders based on petty differences had so clouded "our thinking that we have come to equate national integration with political unity and the absence of outward symptoms of differences."

He said intellectual and cultural integration was as important as political integration.

"When we talk or think of national integration, we often look at the problem in a limited way," he said.

Mr Reddy said one of the problems that agitates the country from time to time, was the policy of "sons of the soil" sought to be adopted in making appointments.

Mr Reddy said no matter how carefully one drew the boundaries of the linguistic states, there were bound to be left on either side linguistic minorities, whose special needs were to be taken care of by the states.

## IMF CONDITIONS IN ACCORD WITH DELHI POLICY

Madras THE HINDU in English 23 Oct 81 p 7

[Text]

NEW DELHI, Oct. 22.

Almost all the major policy measures relating to the promotion of exports, liberalisation of imports, credit restrictions, etc. conceived by the Government of India in the country's interest have been initiated much earlier before its decision to seek the loan of 5 billion SDRs (Special Drawing Rights).

It is just an accident that the "conditionality" which the Government is willing to accept from the IMF corresponds to the measures which it has itself decided to implement on its own and there is, therefore, no question of its having to submit to any "dictates" from the IMF.

This seems to be the stand taken by the Union Finance Ministry to the series of disclosures from Washington published in THE HINDU.

The Ministry is keeping its lips sealed and is refusing to make any comments on the reports from Washington. However, in an unguarded moment, in reply to a specific question, it was admitted by a highly-placed source that the disclosures do embarrass the Government.

As for the Government's stand that what the IMF would like India to take had already been anticipated and been taken much earlier, attention has been drawn to a number of such steps.

The committee to which the IMF staff paper refers in the paragraphs on export and import policies THE HINDU, Oct. 21, is the committee on export promotion strategy set up under the chairmanship of Mr. Prakash Tandon, Director-General, National Council of Applied Economic Research. The interim report of the Committee was published in April 1980 and its final report has also been published.

Since then the "major initiatives" taken

to promote exports provide for (i) supplies of capital goods, raw materials, components and spares to 100 per cent export-oriented units from replenishment imports; (ii) the setting up an ex-imbank; (iii) simplification of duty drawbacks (to which the IMF staff paper also refers); (iv) widening of the weighted deduction in the computable of taxable profits under Section 35 (B) of the Income-Tax Act; (v) investment allowances or tax holiday for export-oriented industries in the free trade zones for an initial period of five years; (vi) complete exemption from income tax in the case of export-oriented electronic units; (vii) introduction of a new scheme for trading houses; (ix) supply of steel at international prices for engineering exports.

Letters of intent have been issued to 23 export-based units covered by the incentives offered to 100 per cent export-oriented units.

**Foreign collaboration:** The IMF staff paper mentions with approval the liberal policy being followed in respect of foreign investment. The figures available indicate the extent to which the Government has liberalised its policy in respect of foreign collaboration since 1978 and 1979 particularly in respect of financial participation by foreign companies.

In 1978, the total number of collaborations approved by the Government totalled 307 out of which 44 provided for financial participation. In 1979, the number of collaborations approved was smaller at 267 out of which 32 envisaged financial participation. The total number of collaborations approved in 1980 rose to 526 out of which financial participation was permitted for 73. Upto June 1981, the Government has approved 169 collaborations out of which 26 were for financial participation.



## REPORT ON ACTION PLAN SUBMITTED AT CANCUN PARLEY

Bombay THE TIMES OF INDIA in English 25 Oct 81 p 1

[Text]

CANCUN, October 24 (UNI).

INDIA has submitted to the North-South summit a five-point action programme aimed at brightening what it called the "rather dismal prospects for the exports of the developing countries."

The action programme, submitted yesterday was contained in a document entitled "Major issues in trade," which has been accepted as a conference document.

The programme suggested measures to stabilise commodity prices and bring down the trade barriers that third world exports to the industrialised countries face. India called upon the 22 leaders present for the summit to support the plan.

Referring to the exhortations to the developing countries made by some of the leaders of the industrialised countries to promote free market economies as a panacea for poverty, the document said: "preaching of the virtues of the market mechanism is of no use when the developed countries practice the opposite to protect their entrenched sectional interests."

The points suggested in the action programme are:

Establishment of new commodity agreements;

Early activation of the common fund being set up under the auspices of the United Nations Conference on

Trade and Development (UNCTAD) to stabilise commodity prices and promote diversification;

Enlarging the general scheme of preferences (GSP) and opposing the growth of protectionism aimed against exports of manufactured goods from the developing countries;

Speeding up the process of negotiations to renew the multifibre agreement, and

Setting up a mechanism for systematic review of the non-tariff barriers of various kinds affecting the developing countries and phasing them out according to a time-bound programme.

The Indian document warned: "It appears that the declining rate of growth of exports is likely to be accompanied by deteriorating terms of trade, high cost of borrowings in world capital (markets) and uncertain prospects of official aid."

It linked these developments to the "uncertain prospects for growth in the developed countries, the rising tide of unemployment and the growing protectionist sentiments in these countries."

CSO: 4220/7323

## DETAILS OF GANDHI CANCUN PRESS CONFERENCE

Bombay THE TIMES OF INDIA in English 5 Oct 81 pp 1, 9

[Text]

[CANCUN, October 24 (UNI).]

**T**HE Prime Minister, Mrs. Indira Gandhi, said today she discerned hopeful signs in the summit that concluded yesterday.

Addressing a news conference, she said the conference had taken "one step forward" and the "door has not been closed." "This is a hopeful sign."

She confessed, "I did not come with much expectations." In Melbourne, where the heads of government of the Commonwealth countries met earlier this month and in New Delhi "the atmosphere was very pessimistic."

Mrs. Gandhi said that before leaving for Cancun she had told the press that she was hoping the door would not be closed on the expectations of the developing countries.

"Anything beyond that is a sign of hope," she added. The conference in which 14 leaders of the developing countries of the southern hemisphere and eight from the industrialised countries of the North participated had given them an opportunity to get to know each other directly and not through the press or through others which was very important, she added.

However, Mrs. Gandhi said that those who understood the problems of the developing countries and knew their needs may not be satisfied.

Mrs. Gandhi was wearing an orange salwar and a purple kameez with a bright red dhuppatta, when she came to the summit's press centre to address the news conference.

In reply to a question, Mrs. Gandhi said that in giving an assessment of the summit "anything one says is partly true and partly not true."

One of the problems at the conference was that some of the concepts, like global negotiations, had not been properly defined and delegations tended to have their own definitions. But, she added, the developing countries more or less agreed

on the definitions.

Yesterday, Mrs. Gandhi reviewed India's bilateral relations with Japan, Algeria and Bangladesh in separate meetings with the leaders of these countries.

The Japanese Prime Minister, Mr. Zenko Suzuki, told Mrs. Gandhi that his country would like to have closer ties with India as it was playing a key role in world affairs, particularly in the non-aligned movement. This, he felt, would be good for peace and stability in Asia.

Mrs. Gandhi told Mr. Suzuki that with a little more financial assistance from outside, India could become much more self-reliant.

The Algerian President, Mr. Bendjedid, expressed his country's desire to have a more comprehensive co-operation with India in all fields of economic activity.

The two leaders invited each other to visit their countries.

In her meeting with the Bangladesh Prime Minister, Shah Azizur Rahman, Mrs. Gandhi voiced India's concern over the increasing influx of refugees from Bangladesh into Tripura and requested him to create necessary conditions for their return.

In a keynote address on "External finance and money," at the summit yesterday, Mrs. Gandhi demanded a change in the decision-making processes of international financial institutions, like the World Bank, to ensure that their working is not influenced by extraneous non-economic considerations."

She said even if it was not possible to dispense with quota related voting rights, at least some guidelines should be framed to facilitate "consensus decisions" in these bodies.

She said friction in the relationship between the financial institutions and developing countries arose because of attempts to apply criteria and yardsticks to developing countries which were evolved under different conditions in developed countries.

## REPORT ON GANDHI 23 OCTOBER SPEECH TO CANCUN PARLEY

Bombay THE TIMES OF INDIA in English 24 Oct 81 pp 1, 7

[Text] CANCUN, October 23 (UPI).

**T**HE Prime Minister, Mrs. Indira Gandhi, gave a call for a "global compact" which would ensure the development of the poorer countries along with the prosperity of the developed nations, in circumstances of international peace and security.

Addressing the 22-nation North-South summit in this Mexican holiday resort yesterday, Mrs. Gandhi made it clear that the conference could not afford to fall as "seldom has a gathering attracted such attention or raised such hopes."

Only by the establishment of a new international economic order, based on justice and equality could the mutuality of interest between different nations and peoples be served.

"The interests of the developed and developing countries are so intertwined that we can all survive in harmony only in conditions of true independence," the Prime Minister said.

Many of the leaders came to the conference, Mrs. Gandhi noted, with some apprehension regarding the outcome of the meeting. Yet she saw a "sign of hope" because of the "goodwill we witnessed yesterday in various informal gatherings and in this morning's speeches."

"We cannot afford to be defeatist. The mind has to put aside the fragmentary utilitarian approach and to look anew at the earth, the matrix of human heritage. Its problems are global and have to be so viewed," Mrs. Gandhi emphasised.

Mrs. Gandhi told the leaders of the rich nations that their problems with the developing countries could be solved better by co-operation rather than confrontation. "We all stand to benefit from the prosperity of our trading partners. What the leaders from both sides should recognise was that while stagnation in industrialised economies would lower the export earnings of developing countries a rise in income levels of developing countries, would generate growth in developed countries, increase their ex-

ports and create employment.

Global negotiations, Mrs. Gandhi stressed, could not be delayed any longer. "Global negotiations do have urgency. We are not wedded to certain phrases. We are more interested in the results and the substance."

She was quite aware that some of the issues before the summit were highly technical. "In many areas there are differences of perception as well as of interest which will need negotiations and we are not a negotiating forum."

"Perhaps all we can do is to agree to discuss them and to assure those who are not present but are equally concerned, that there will emerge from this meeting, political support for early resumption of negotiations on a global basis after due preparations," she suggested.

While preparing for global negotiations, Mrs. Gandhi said the urgent problems of food, energy and financial flows must be tackled immediately. These problems brook no delay. Freedom and hunger must be at the top of priorities. A food security programme already drawn up with building up of emergency reserves as an essential component must be implemented in all earnestness.

Side by side, world food production must be augmented as a long term measure. The developing countries had "a potential for doing so, but their productivity was low and irrigation woefully inadequate. She was sure that supply of fertilisers, better techniques and improved seeds could lead to what in India had come to be known as the "green revolution." But this effort require support of an inflow of resources from those countries which could provide finance, technology and other inputs.

Similarly, Mrs. Gandhi said, additional resources were needed by the developing countries to tide over the balance of payments crisis caused by successive adjustments of oil prices. The developing countries had also potentialities for the development of new energy resources.

"There is increasing consensus for

an energy affiliate. Call it what you will, additional resources should be found for this purpose," she stressed.

The Prime Minister said it was crucial for developing countries to have increased financial flow whether for food or energy or for solving any other problem. "There are warnings of disaster if resources are denied." She hoped the expectations aroused among the third world countries for official development assistance bilaterally or through international financial institutions would not be belied.

To drive home the point why additional financial inflow was necessary for developing countries, Mrs. Gandhi explained the position which India presently occupies. It was no longer amongst the weakest or poorest nations. Through the most strenuous efforts at development, the country had achieved self-sufficiency in food-grains and greatly augmented and diversified industry. "We can justly claim that we have made good and full use of aid and credit from outside, and have repaid our debts in full and on time."

Today the component of foreign credit was only nine per cent of the total resources needed for the country's Sixth Plan for development. "And this we have done in conditions of democracy, of full freedom of the individual and press."

"We have now reached a level when help from outside will make all the difference in terms of attaining the take-off stage in development. Far from being a burden, we can be a source of strength to others," Mrs. Gandhi stated.

While calling for faster action to produce more effective results at lower costs by existing multilateral financial institutions, Mrs. Gandhi disapproved the attempts to dilute their role.

"We are perturbed at what seem like pressures which might limit their efficacy. We should like to see acceptance of the Melbourne declaration that international institutions should rise above any particular ideology," she said.

## GANDHI MEETS PRESS ON RETURN FROM CANCUN

Calcutta THE STATESMAN in English 28 Oct 81 pp 1, 9

[Text]

**NEW DELHI, Oct. 27.—Mrs Gandhi said here today that the no-war pact offer made by President Zia-ul-Haq of Pakistan did not make sense. There could not be parallel movements: one leading to the acquisition of sophisticated weapons and preparing for war and the other suggesting peace. "You cannot prepare for war and talk of peace", she said.**

The Prime Minister, who was talking to reporters at Delhi airport on her return from the Cancun summit, said successive Indian Prime Ministers had made similar offers in the past but without a response from Pakistan. When she herself had suggested this to the late Z. A. Bhutto, he had seemed to have something like an allergy for the words no-war pact and had asked her not to mention them.

Answering questions, Mrs Gandhi said the issue was not whether General Zia sent the offer in writing or mentioned it orally. The fact was that Pakistan was arming itself in a big way. Was Pakistan going to attack Afghanistan? Would it attack the Soviet Union? Since Independence, it was India that had been attacked. India had never waged a war against any country. For the Pakistani offer to be meaningful, the no-war pact should be accompanied by the right actions and attitudes.

Mrs Gandhi said what intrigued India was why General Zia should talk of a no-war pact when his country was arming itself, when anti-India propaganda was being carried out in that country. She referred to the Simla agreement and said the Simla spirit required that bilateral issues were mutual-

ly discussed and resolved and not raised at international forums.

Predictably, the focus at Mrs Gandhi's talks with reporters was on the Cancun deliberations. Mrs Gandhi summed up the achievements of the summit somewhat modestly, saying that there had been a step forward. "It was not a leap forward but it certainly was a step forward", she told a reporter who felt that the summit had not achieved much. Disagreeing, Mrs Gandhi said that while nothing of substance may have been achieved, there was a general consensus on getting the stalled global talks started.

Mrs Gandhi told a questioner that while she was not against specialized international agencies, like the IMF or UNCTAD, a large number of developing countries felt that their voices were not heard at those forums. Developed countries had a greater say in those bodies. She personally felt that a way had to be found so that the views and needs of developing countries were fully represented. If the existing forums could be strengthened so that the poorer countries had confidence in them, there would be no need for new agencies.

Speaking of her meeting with President Ronald Reagan and the

Chinese Prime Minister. Mrs Gandhi said their talks were of a general nature. In her talks with Mr Reagan, Mrs Gandhi said she had invited him to visit India. During her meeting with the Chinese Prime Minister, she had emphasized the need for a better and closer relationship.

Replying to questions about the U.S. attitude on economic issues, the Prime Minister said President Reagan's attitude was known much before the Cancun summit. Some of the issues might be relevant to the USA, but not to others, she added.

Asked to comments on reports that the Congress (I) high command had asked Mr A. R. Antulay to continue as Chief Minister of Maharashtra and given him a free hand to reshuffle and expand his Cabinet, Mrs Gandhi said: "No comments. I have been away for so many days now."

On the Kerala incident, Mrs Gandhi did not know whether her party would try to form a popular Government. She would have to consult her colleagues.

She made it clear that people indulging in anti-national activities would be dealt with strongly. When asked whether the Government proposed to ban the activities of secessionist elements in Punjab as was done to Manipur under the Prevention of Unlawful Activities Act, Mrs Gandhi said the Government would take "firm and strong action" against anti-national elements.

Asked if the Janata M.P. Mr Subramaniam Swamy, was right in demanding Parliament's approval for the Mirage 2,000 deal with France, Mrs Gandhi said: "Does Parliament go into such agreements ever?"

Replying to another question on whether she was satisfied with the progress of Mr P. V. Narasimha

Rao's talks with the Akali leaders in her absence, Mrs Gandhi said she had only seen what had appeared in newspapers. She said there was no conversation over the telephone between her and the Minister for External Affairs on this subject.

PTI and UNI add: Mrs Gandhi's directive on "no flowers" at the airport were strictly followed by the security personnel. Some people came carrying bouquets but the security men persuaded them to leave the flowers before entering the airport lounge.

Mrs Gandhi was received by her Cabinet colleagues, diplomats, the Army and Naval chiefs and the Lt. Governor of Delhi.

In a black-print silk sari, Mrs Gandhi looked fresh and relaxed despite her hectic 10-day tour. Mrs Gandhi was accompanied by Mrs Sonia Gandhi, her daughter-in-law, on the tour that took the Prime Minister to Romania and Mexico with a brief stopover at London on her way back.

She asserted that development assistance by international agencies should not be influenced by a particular ideology or non-economic considerations. She said the need for reforming international financial institutions was recognized by all at the Cancun summit. This was a continuing process which depended on the situation in different countries.

Mrs Gandhi said the principle of interdependence was well recognized at the summit. While each country should work for self-reliance, interdependence among countries should be on the basis of equality—taking and giving help. Quoting an international magazine, she said assistance to developing nations was productive investment. "We are not asking for charity. Unless these basics are accepted, tension is bound to grow leading to confrontation", she said.

## OIL MINISTER MEETS PRESS ON RETURN FROM BAGHDAD

New Delhi PATRIOT in English 29 Oct 81 p 10

[Text]

INDIA will soon make a decision on the offer by Iraq to supply 1.5 million tonnes of extra crude oil to India in addition to the 3.5 million tonnes already agreed to the next year.

Petroleum Minister P C Sethi who has returned to the Capital after attending the Indo-Iraq joint commission meeting in Baghdad told newsmen in New Delhi on Wednesday that the price of the Iraqi crude had become costlier by 60 cents per barrel due to the transport disruptions caused by the war. He said India was among the first few countries for which Iraq resumed oil supply since June last.

The country has already received about 600,000 tonnes of crude this year from Iraq.

Iraq is also facing transport difficulties in the case of sulphur since Basra port was not functioning due to shelling during the Gulf war. Basra is the nearest port.

He said India has a package of supply from Iraq, Iran, Saudi Arabia, Mexico, Algeria and other countries. The contracts were reached on the basis of price, consistency of supply and regularity.

Before the Gulf war broke out, India used to import about six million tonnes of crude from Iraq

a year. The total import requirements for 1982 is estimated at 14 million tonnes out of a total demand of 31 million tonnes. The gap will be met through indigenous production, he said.

Mr Sethi said the Government is planning to acquire smaller drilling ship to suit shallow waters in Palk Strait oil exploration in Tamilnadu.

For the present they would continue with the larger vessel—Gettysburg, for exploration in Palk Strait where light crude oil was struck recently.

He said the Iraq Government's investment in Indian companies operating in that country has increased to 3,000 million dollars now from 600 million dollars before the outbreak of the war. The number of Indian workers in Iraq has gone up from 27,000 to 35,000 during the period.

He said there was great scope for further promoting the trade relations between the two countries particularly in the field of machine tools. There was great demand for Indian technicians in Iraq, he added.

Mr Sethi said that it was disclosed at the joint commission's meeting that the Iraq Government was taking steps to provide cover under a war risk insurance scheme for all the Indian workers and also the machinery of the

Indian companies in Iraq.

The Commission, he said, expressed 'concern and anxiety' over the shippages due to the war in the works undertaken by the Indian companies there. The representatives of the 53 Indian companies were later impressed upon by the Minister on the need for making up the shippages.

Mr Sethi said the Indian companies had been asked to file claims for covering escalation costs on account of war condition.

To meet the shortage of sand and other building materials faced by the Indian companies, he said India had requested the Iraq Government to allow the Indian companies to set up their own quarry and sand washery units.

India also impressed upon the Iraq Government to expedite the payment of compensation to the victims of the war. Some interim compensation had already been paid but the Minister said he was not happy with the quantum of the money.

He said in all 15 Indians were killed and 38 were injured in the war.

During his meeting with Iraq President Mr Sethi conveyed to him greetings and good wishes from Prime Minister Indira Gandhi. The Iraqi President reciprocated it.



## OFFICIALS HAIL OPEC UNIFORM PRICE FORMULA

Bombay THE TIMES OF INDIA in English 1 Nov 81 p 1

[Article by G. K. Pandey: "OPEC Move Benefits India"]

[Text]

NEW DELHI, October 31.

**I**NDIA will save approximately Rs. 1,000 crores on crude oil and petroleum products imports during the next calendar year as a result of the new uniform price formula announced by OPEC and the reduction in imports because of larger domestic production.

Even during the remaining two months of the current year, the saving to the exchequer on oil imports will be as much as Rs. 26 crores. In addition to the benefit accruing due to the revision in prices, the country saved another Rs. 3.37 crores on a recent purchase of 250,000 tonnes of Arab light crude from the spot market.

Anticipating a hike in the price of Arab light crude oil, the Indian Oil Corporation made a prompt purchase from the open market. With this, the total saving would work out to Rs. 29.37 crores.

On account of the latest OPEC decision, the price of Iranian crude, for instance, has been brought down from \$37 to \$34 per barrel and that of Iraqi crude from \$35 to \$34 and the UAE crude from \$36.36 to \$35.07. Iran, Iraq and the UAE account for more than 50 per cent of crude supplies to India. The average price of crude from November works out to \$34.5 per barrel compared with \$36 paid so far this year.

According to quick estimates by oil experts, the latest OPEC decision on crude price would account for a saving of Rs. 145 crores in a full year while the reduction in import of crude oil and petroleum products would account for another Rs. 840 crores on the basis of latest prices.

Sources here point out that a saving of Rs. 145 crores to the exchequer on crude import next year is significant since this is despite an increase of \$ two per barrel in the price of Saudi Arabian crude. It is proposed to import 2.62 million tonnes of oil from Saudi Arabia next year.

Inquiries from official circles show

that during the next year, the country would need to import 14.5 million tonnes of oil and 3.25 million tonnes of petroleum products against 16 million tonnes of oil and five million tonnes of products during the current year.

Although the demand for petroleum products next year has been projected to go up to 34.5 million tonnes from 32.2 million tonnes during this year, the country would need to import less oil products, thanks to the substantial increase in domestic production of crude against 16 million tonnes during the current year, 20 million tonnes of crude will be available from indigenous sources next year.

The additional four million tonnes of oil will be from the offshore areas of Bombay High. While during the current year, the Bombay High contribution would be eight million tonnes, it is projected to rise to 12 million tonnes next year.

The reduction in products imports is envisaged since the six-million-tonne Mathura refinery is scheduled to go on stream in November.

The colossal savings on crude import has sent waves of jubilation through official and political circles. It is pointed out that this development would go a long way in narrowing trade deficit. With crude and petroleum products imports costing as much as Rs. 5,000 crores, the country was facing a serious balance of payments problem.

Besides this, increases in oil prices by oil-exporting countries were also responsible for adding to the inflationary pressures. Every increase in the price of oil had to be accompanied by the increases of domestic petroleum products prices to cover up the refining losses of oil companies. The price freeze announced by OPEC for the next 14 months would lend further stability to the economy, official circles felt.

## REPORT ON GANDHI SPEECH AT NEHRU UNIVERSITY

New Delhi PATRIOT in English 31 Oct 81 pp 1, 13

[Text] Prime Minister Indira Gandhi said in New Delhi on Friday that the nation's foreign policy was shaped by the country's domestic aspirations, historical experience and the geographical position and not by the immediate experiences.

India had never desired to get entangled in rivalries and conflicts of power blocs and their war preparations, she said, while inaugurating the silver jubilee celebrations of the School of International Studies of Jawaharlal Nehru University.

Mrs Gandhi said a nation which had to struggle and make sacrifices for freedom had a different attitude to hegemony than those who had got it the easy way.

Admitting the need for a more careful security for a nation subjected to invasions, she, however, maintained that a temporary addition to strength could sometimes compromise long-term security.

Mrs Gandhi said there were instances where recipients of armaments did not confine themselves to serving the interests of the donor nations but used them for their own purpose, adding "we ourselves have been victims of such diversions."

"Had we built our defence forces at the behest of others or through gifts of armaments the centre of decision and policy making would have moved out of our hands," she noted.

Many countries even within an alliance were apprehensive of the stationing of missiles. "If not non-alignment, at least the independence of mind and action that it implies seems to be gaining an unsteady foothold within the blocs," she observed.

Mrs Gandhi said the foreign policy should not be concerned with complete consensus among political parties but its relevance for the people at large, and added Nehru's and Gandhi's policies had been proved historically correct and even praised by those who had vehemently criticised them in their life-times.

Ridiculing the critics of Mahatma Gandhi and Jawaharlal Nehru, she said they could not understand the indivisibility of freedom, adds UNI.

She said being aligned to one bloc or another would have brought more aid but it could not have helped in strengthening the foundation.



"Nonalignment helps to achieve technological self-reliance, ensures freedom of judgment and safeguards the true strength and interests of a nation," she said.

She maintained that the gigantic problems of the country "needed our total attention. Peace was imperative to solve these problems, to achieve progress and to strive for all round self-sufficiency.

"We cannot be dependent on others for all time. India is far too vast a nation and its problems massive to be baled out by any other nation," the Prime Minister said.

Mrs Gandhi said the very concept of nationhood was of fairly recent origin and many nations were breakaway parts of former empires. A common religion or a common language were often regarded as pre-requisites of nationhood.

"Yet we know that religion or linguistic uniformity is no more essential for national cohesion than ethnic homogeneity. We have often seen that nations of great diversity can be as strong and imbued with as much sense of national purpose as those with one religion, one language or one race."

Earlier, Mrs Gandhi presented a scroll of honour to Prof A. Appadurai, founder director of the School of International Studies.

CSO: 4220/7336

DELHI EXTENDS BAN ON MANIPUR EXTREMIST ACTIVITY

New Delhi PATRIOT in English 27 Oct 81 p 1

[Text] The Union Government on Monday expected the ban on Meitei extremist "armies" of Manipur which are continuing their secessionist activities and violent attacks on police forces and civilian population of the State, reports PTI.

The People's Liberation Army, the Prepak (People's Revolutionary Party of Kangleipak) and its 'Red Army' and their offshoot organisations were declared illegal two years ago.

The Centre issued a fresh notification on Monday night under the Unlawful Activities (Prevention) Act as the old notification expired on Sunday.

The new notification will be in force for a maximum of two years and is subject to further extension.

The extremist organisations covered under the order are:

--The people's Liberation Army (eastern region) known as the PLA,

--The Peoples Revolutionary Part of Kangleipak, known as Prepak and its offshoots like the armed wing of Prepak called the 'Red Army' and the Kangleipak Communist Party (CKP)--the KEP's Red Army.

The notification said the Meitei extremist organisations named in the order have openly declared as their objective the formation of an independent Manipur comprising the State of Manipur and "have resorted to violent activities in pursuance of their objective to bring about secession of the said State from the Union of India."

The organisations have been employing armed forces, "namely the so-called Peoples Liberation Army, the Red Army, and the other bodies set up by them" to achieve their objective.

They have been employing their armed forces in "attacking the security forces and the civil government and the citizens" in Manipur and "indulging in acts of looting and intimidation against the civilian population and collection of funds for their organisations."

The organisations "have made some efforts to resume their contacts with foreign countries for securing assistance by way of arms and training."

The notification said that, therefore, the Central Government is of the opinion that the Meitei extremist organisations and other bodies set up by them including the armed groups named "are unlawful associations."

It said it was necessary that the order should take immediate effect because of the "repeated acts of violence and attacks" by armed groups of the Meitei extremist organisations "on the police forces and on the civilian population."

Therefore, the notification said the Government, in exercise of the powers conferred by the proviso to Sub-section (3), Section 3 of the Unlawful Activities (Prevention) Act 1967 (37 of 1967) directs that it "shall, subject to any order that may be made under Section 4 of the said Act, have effect from the date of its publication in the official gazette."

CSO: 4220/7327

## GANDHI ADDRESSES AIR FORCE COMMANDERS' MEETING

Madras THE HINDU in English 30 Oct 81 p 1

[Article by G. K. Reddy: "Tension: PM Asks Air Force To Be Vigilant"]

[Text]

NEW DELHI, Oct 29

The bi-annual conferences of the Air Force Commanders this week and of the Army Commanders a few days later have acquired special importance because of the mounting tensions in the subcontinent in the wake of the U.S. decision to arm Pakistan.

The top Commanders of all the three Services meet twice a year to review their strategic concepts, combat readiness and logistical requirements.

But this time the exercise is assuming the dimensions of an in-depth study of the whole security environment and the kind of threats that India could expect during the current decade. The defence planning and acquisition of equipment is based on the broad conclusions reached at such conferences.

The Prime Minister Mrs Indira Gandhi, addresses the bi-annual conferences of the three Services in her capacity as Minister in charge of Defence and informally discusses their problems at a luncheon hosted by her and the dinner given by the President.

## Setting the tone

But this year she is staying behind after formally inaugurating the opening sessions to set the tone for the discussions that follow with a detailed exposition of her own thinking on the politico-military aspects of the present situation in and around the subcontinent.

The details of her appraisal of the country's defence strategy for the next decade which is of a highly confidential nature, are not being released for publication.

A brief summary of her speech to the Air Force Commanders today put out by the Defence Ministry referred to the acquisition of highly sophisticated arms by Pakistan, well beyond its legitimate requirements, the implications of General Zia-ul-Haq's proposal for a

no-war pact, India's policy of peaceful coexistence and the country's desire to devote its energies to economic development.

The only mention the press release made to the defence aspects was the assurance given by her that the Government would do its best to get the best equipment available for the Air Force to meet its operational requirements within the limits of its financial resources.

## New chiefs

The latest Army and Air Force conferences have acquired some additional significance since the two Services are now headed by new chiefs who have brought in their own strategic concepts to generate some new thinking on the country's defence responsibilities within the policy framework prescribed by the Government.

The Army chief, General K. V. Krishna Rao, has already galvanised the higher commands to attune themselves to the new concepts and he has been visiting the field formations to infuse these ideas into them. In the last five months he has given his officers and men a new sense of self-confidence and sense of direction.

The Air chief, Air Chief Marshal Dilbagh Singh, also has been laying the primary emphasis on specialised training to make better use of the skilled manpower and available aircraft. He assured the Prime Minister at the opening session this morning that the Air Force was doing its best to absorb the new aircraft and put them into operational squadrons as early as possible.

The Indian Army, Navy and Air Force were going through the normal process of modernisation through a periodic rotation of their equipment, when the U.S. decided to arm Pakistan.

The American move has compelled India to speed up the process and also acquire some additional equipment. The Army is getting new battle tanks,

field guns and better communications equipment.

The Air Force is supplementing its Jaguars with MiG-23s and Mirage 2000s besides some latest helicopter gunships and missile systems, and the Navy is also getting additional frigates, submarines and Sea Harriers for its aircraft carrier Vikrant.

The Chief of the Naval Staff, Admiral R. L. Panari, who is the present chairman of the Chiefs of Staff Committee, has done a lot during his tenure to modernise

the Navy and set up new shore establishments for training its personnel in advanced skills of the highly specialised service. He will be completing his tenure and retiring in February next after laying the foundations for the Navy's rapid modernisation.

The Prime Minister noted with concern the threat to India's security and asked the Air Force to be vigilant in guarding the skies, keeping in view the "deterioration in the country's security environment" reports PTI.

"The threat to our security has come at a time when we are facing severe economic difficulties owing to inflation."

The Prime Minister said the acquisition of higher technology equipment (by Pakistan) had increased global and regional tensions. Therefore, "we have been compelled to take all appropriate steps to safeguard our security and to live and we are making all efforts within the constraints of our economic situation."

She said the steps taken to improve the emoluments and other facilities of Air Force personnel had to be seen in the context of these difficulties.

Welcoming the Prime Minister, earlier, the Chief of Air Staff, Air Chief Marshal Dilbagh Singh, said the conference would take stock of the performance of the IAF in the last six months and would identify areas where greater effort was required to meet and perfect the standard of performance.

## SIGNIFICANCE OF ADMIRAL GORSHKOV'S VISIT NOTED

Bombay THE TIMES OF INDIA in English 31 Oct 81 p 1

[Article by J. D. Singh: "Soviet Naval Chief Coming"]

[Text]

NEW DELHI, October 30.

CONSIDERABLE significance is attached here to the forthcoming visit to India by the commander-in-chief of the Soviet navy and deputy defence minister, Admiral Sergei G. Gorshkov.

The Soviet dignitary is expected to arrive in New Delhi on December 10 for wide-ranging talks with Admiral R. L. Pereira, chief of the naval staff, about the supply of Soviet submarines for the Indian fleet.

The visit will help strengthen the bonds between the two navies and refute reports appearing in a section of the press alleging that there is "inadequate understanding" between them.

India is hoping to acquire a few more Soviet submarines as well as some West German submarines for which negotiations are in the final stage.

The aim is to strengthen the muscle power of the Indian navy as quickly as possible, while taking care that the sources of supply are suitably diversified.

The intended purchase of Soviet and West German submarines is part of the Indian navy's programme to modernise and re-equip its fleet. The proposal to acquire a second aircraft-carrier in addition to the aged Vikrant,

which is being revamped and refitted, and to buy "Sea Harriers" from Britain are part of the programme.

It is felt that many of the submarines and frigates in the naval fleet have become outdated. The eight Soviet submarines acquired in the 1960s and 1970s have become totally obsolete. So have several of the Leander-type frigates.

As far as the West German submarines are concerned, the initial proposal is to buy two of them straightaway and to construct more from parts to be delivered by that country's shipyards. However, it may take as long as a decade before India can have a sufficient number of submarines to cope with any threat in its sea waters.

Mazagon Docks, which launched an ambitious programme in the 1960s and has delivered several Leander-type frigates to the navy, has gone into construction of improved versions of them. The second frigate—totally Indian in design—"Godavari class"—was launched on October 15.

However, the capacity of Mazagon Docks being limited, it is considered necessary to import various craft for the Indian navy for the next ten years.

It is in this context that the visit of Admiral Gorshkov to India has special significance.

CSO: 4220/7335

DELHI REFUSES COMMENT ON ZIA INTERVIEW

Bombay THE TIMES OF INDIA in English 31 Oct 81 p 1

[Text] New Delhi, October 30. The Pakistani President, Gen. Zia-ul-Haq's abrasive remarks about India's alleged collusion with the Soviet Union has not provoked the external affairs ministry to come out with any reaction.

It was officially stated yesterday that the full text of Gen. Zia's interview to an Australian daily was being studied. However, after examining the text, it was decided not to comment on Gen. Zia's interview.

The government has been watching with concern the step-up in the anti-India campaign by Pakistan and the prime minister, Mrs Gandhi, has already referred to this trend in her reaction to the Pakistani offer of a no-war pact with India.

The external affairs ministry today preferred to maintain silence since the Pakistani foreign secretary, Mr Riaz Piracha, will be here tomorrow on his way to Kathmandu to attend a meeting of foreign secretaries on regional cooperation.

The ministry spokesman said while no bilateral talks were scheduled for tomorrow, the foreign secretary, Mr R.D. Sathe, would host a dinner for Mr Piracha.

However, it is unlikely that the two foreign secretaries will abstain from talking on bilateral matters. Pakistan may even like to convey a specific message of India in case President Zia's remarks in his interview with the Indian correspondent of an Australian daily were not premeditated.

The Afghanistan issue may also figure in the talks between Mr Sathe and Mr Piracha, who was at one time Pakistan's ambassador in Kabul. India's ambassador in Kabul, Dr J. S. Teja, happens to be here these days.

The initiative by the non-aligned conference regarding Afghanistan has not made any headway and Pakistan's reluctance to participate in any meaningful talks on Afghanistan has not won it any friends in the Soviet Union. Though Pakistan has been making conciliatory reference to the Soviet Union, the latter's attitude has somewhat hardened. A TASS commentary has described the Pak offer of a no-war pact with India as a "propaganda manoeuvre."

CSO: 4220/7335



## PROPOSED DEAL WITH FRANCE COVERS WIDE RANGE

Madras THE HINDU in English 25 Oct 81 p 1

[Article by G. K. Reddy: "Deal With France Will Cover Wide Range"]

[Text]

NEW DELHI, Oct. 24

The proposed purchase of defence equipment from France will cover a much wider spectrum than the mere acquisition of Mirage-2000s for the Indian Air Force.

It envisages French collaboration in production under licence of not only aircraft and helicopters but also missiles and guidance systems for use by both air and ground forces.

The Mirage-2000 manufacturing programme will be so designed that India can easily switch over to the production of Mirage-4000 when it is developed in due course. It will also enable India to continue the manufacture of the later versions of Mirage-2000 for export after this production programme is terminated by France.

**Help in designing mid-range planes**

The French aircraft industry has also offered to cooperate in training Indian aeronautical experts to design, develop and manufacture indigenously mid-range military planes by utilising the same advanced production techniques. The intention is to assist India in building both airframes and engines based on the basic modular designs developed for the Mirage series in France.

The French cooperation will cover the space

programme as well, extending from the development of special fuels for the booster rockets to the manufacture of telemetry and monitoring equipment. The recent launching of the APPLE satellite from a French rocket was the starting point for this wide-ranging cooperation in this highly specialised sphere.

**French team's talks in Delhi**

The Chairman of the French Aeronautical and Space Industries Association, Gen. Jacques Mitterrand, who is now visiting India as head of an Aerospace delegation, has been having detailed talks in Delhi on all these aspects. As a brother of the French President, he has lent special importance to this delegation in discussing plans for increased Indo-French aeronautical cooperation.

The agreement in principle reached in Paris by the visiting Indian defence team for purchasing 40 Mirage-2000s in flying off condition, another 40 in sub-assemblies and about 70 to 80 to be fully manufactured under licence has set the tone for this ambitious Indo-French collaboration.

And it comes as a logical follow-up of the cooperation already initiated or envisaged in the field of civil industry, from oil exploration and alumina production to power generation and automobile manufacture.

CSO: 4220/7324

## FRENCH-INDIAN COOPERATION: UNDEREXPLOITED POSSIBILITIES

Paris LE MONDE in French 13 Nov 81 pp 9-10

[Article by Patrick Frances]

[Text] Speaking about bilateral relations between France and India while on an official visit to New Delhi in August, French Minister of Foreign Relations Claude Cheysson did not mince words: "Without criticizing anyone," he stated at that time, "we must admit that the state of our relations even recently was almost unbelievable, given the size of India."

It is true that the figures speak for themselves. Published in the spring, a memorandum from the French economic expansion services in India revealed that in 5 years, growth in bilateral trade was only 40 percent (in value), an annual average of 7 percent. The report also stated that our imports had increased more rapidly than our exports<sup>1</sup> and that, traditionally showing a deficit, our trade with that country was only balanced, in 1980, after the sale of our Airbuses -- ten to date -- and metallurgical products.

In 1979,<sup>2</sup> France was only in 11th place among India's suppliers, trailing after Iraq, Iran, Canada and Malaysia, and in eighth place among its customers, following Belgium and the Netherlands. With respect to the share of the market, the figures illustrate even better the weakness of our presence in India, with our sales making up only 3.3 percent of its total imports and our purchases only 3.1 percent of what it sold abroad. As for the place of French-Indian trade in our overall foreign commerce, it was even worse because India was only France's 47th-ranking supplier, with .26 percent of the market. Our sales to India represented only .31 percent of our exports, putting that country in 45th place among our customers.

With respect to technical and industrial cooperation, the situation is scarcely more brilliant, especially when one compares it with that of our rivals (the United States, Japan, the Federal Republic of Germany and Great Britain).

While in the 1950's, French industry helped establish the basic Indian infrastructure (iron and steel, electronics, nuclear energy in particular), French businessmen have subsequently somewhat neglected a country that does remain one of the poorest in the world, but which is nevertheless the 13th-ranking industrial power on the globe, with the third scientific and technical community.

However, in the past few years, there has been a resurgence of the activity of French companies in India. This new growth is expressed in industrial cooperation agreements made up of contracts for the transfer of licenses and know-how, which must be approved by the Indian Government in terms of its industrial policy. Inasmuch as that government jealously protects local industry against competing imports, such agreements are in fact the main and, in some cases, the only way to penetrate the Indian market. Under such conditions, one has to regret that only 270 contracts of this type (5 percent of the total) were concluded from 1957 to 1980 between French industrialists and Indian partners, placing France in sixth place among India's suppliers of technology, far behind the United Kingdom (1,345), the United States (1,096) and the Federal Republic of Germany (998), with these three alone supplying nearly two-thirds of the total, and also behind Japan (502) and Switzerland (328). In 1980, 24 agreements for the transfer of licenses were concluded between French and Indian firms.

It should be noted that these contracts, in addition to transfers of licenses, paid for in the form of the payment of royalties or lump sums, almost always contain a clause regarding technical assistance in personnel. Finally, some 30 cooperation projects include financial participation in the capital of the Indian partner. This is the case of Creusot-Loire, Pechiney, Rhone-Poulenc and Ugine-Steel, for example.

The fact remains that there are very few French enterprises that carry the industrial and commercial logic to its conclusion, agreeing to invest in India, given the fact that that country does not accept foreign investments unless there is a transfer of technology.<sup>3</sup> Whence the modest size of French investments in India, which, in 1980, amounted to some 70 million francs (out of a total of some 10 billion), compared with 4.5 billion francs for the British, 2 billion francs for the Americans and .5 billion francs for the Germans. French participation was concentrated in three sectors (special steels, chemistry and precision machinery), to which one could add machine and electrical construction and pharmaceuticals.

Since nearly all of the French investments were made in the form of contributions in kind (which explains why it is generally a question of clearly minority participations), French interests have scarcely been concerned, up to this time, by the 1973 Indian legislation on foreign investments, which sets 40 percent as the maximum amount of nonresident capital in a local company. However, a special regime is reserved for enterprises that concentrate on or deal exclusively in exports (the share may then rise to 100 percent) and for projects using very advanced technology and making it possible to supply the Indian domestic market, in which case the figure is raised to 74 percent. In general, Indian firms intend to retain control of projects carried out in cooperation with foreign partners.

The fact remains that the lack of aggressiveness on the part of French firms regarding investments does not help them to win new markets since this form of penetration, linked with a contract for a license transfer, is in fact the only way to guarantee a lingering foreign presence in India, on the one hand, because outright sales are systematically discouraged and on the other hand, because industrial cooperation agreements are limited to 8 years. Furthermore, investing means gaining precious knowledge of Indian industrial circles and being able to learn to work with an Indian partner, which could be the key to future success.

Considering the industrial and political weight of India in certain regions of the world, particularly in Third-World countries, the presence of Indian industry and engineering on the world market, already substantial, can only grow in the future. It is therefore completely possible to anticipate that French firms will be associated with projects in third countries entrusted to Indian entrepreneurs. For a foreign firm, such cooperation can be a means of later penetrating the Indian market. And yet, the angle of the joint venture with Indian firms is currently very little used by French firms.

The vigor of Indian industry in this field explains why it has enjoyed impressive successes, particularly in Persian Gulf countries. However, with the exception of the construction of the Abu Dhabi airport, France is practically associated with no Indian firm for projects in third countries.

Nevertheless, Indian industrialists seem to be very well informed about French technical possibilities. It is therefore less a question, for French manufacturers, of making their products or technology known than of knowing how to present them and of seeking possible partners on the Indian market, whence the insistence with which a note from the New Delhi economic expansion service, devoted to "means able to expand the French presence in India," recommends the participation of French firms in local fairs or the organization of sectorial missions and technical conferences.<sup>4</sup> The purpose would be to encourage in one way or another "the coming of industrialists determined to devote to India the time and means needed to cement business relations with that country."

#### Logistics and Financing

In this conquest of the Indian market toward which they are impelled, French industrialists can now count on logistics contributing more and more to the development of French-Indian cooperation, on the public level, first of all, with a French-Indian joint committee that meets each year at the minister-of-commerce level and every 6 months at the level of high officials. In the field of scientific, technical and cultural cooperation, French-Indian commissions already exist. Finally, an organization under the French Ministry of Finance, ACTIM (Association for Technical and Industrial Cooperation), organizes technical training programs for Indian engineers and technicians.

On the private level, since 1976 there has existed an Indian-French Chamber of Commerce and Industry with headquarters in Bombay. It essentially includes Indian exporters dealing with France. A French-Indian Chamber of Commerce was recently set up in Paris.<sup>5</sup> Finally, The Federation of Indian Chambers of Commerce and Industry (FICCI), which represents some 5,000 enterprises and 5 million persons, and the National Council of French Employers (CNPF) decided in July 1980 to create a common entity, the French-Indian Committee, which is to serve as a regular, recognized forum for discussions on commerce, investment and commercial relations between the private and public sectors of the two countries (LE MONDE, 22 July 1980).

Regarding bank structure, the Bank of Indochina and of Suez has just opened a branch in Bombay, where the Credit Lyonnais will henceforth have an office that will be added to those of the General Company and the BNP [National Bank of Paris] (the latter also has branches in Bombay and Calcutta) in New Delhi. Several firms or organizations have representatives in the Indian capital as well: OFEMA [expansion unknown], Thomson, Renault, the General Radiology Company and soon Pechiney.



There naturally remain the sinews of war: money. Since 1961, France has participated in the consortium of aid to India. Since that time it has spent over 4 billion francs, thereby contributing 2.1 percent of all aid received by that country, compared with 7.7 percent for the Federal Republic of Germany and 7.5 percent for Great Britain. Annual financial agreements constitute most of that aid, which takes the form of privileged credits (loan from the Treasury and commercial credits) to be used to purchase French equipment. The "gift element" amounts to about 30 percent of this aid.

According to the most recent protocol signed on 5 June 1980, France has made a sum of 1 billion francs available to India, 400 million of which are to finance construction by Pechiney of an aluminum complex in Orissa, 360 million for various industrial projects and 240 million for balance-of-payments aid. It should be noted that private projects can also be financed outside of the protocol.

Since the 1 billion francs released at the time of Giscard d'Estaing's visit in January 1980 may soon be used up, particularly if French firms are involved in the Paradip (Orissa) iron and steel plant project, another protocol should soon be signed and could be announced at the time of Mrs Gandhi's visit to Paris. Only then will we learn whether France truly intends, as Cheysson hinted in New Delhi, "to do more" for French-Indian cooperation.

#### FOOTNOTES

1. French imports essentially include textile products, food and agricultural raw materials, livestock feed, precious stones and jewels. Exports mainly include boilers and foundry equipment, iron and steel, airplanes and glass products. Products with a high added value (mechanical and electrical equipment) make up over half of these sales.
2. There are no more recent customs statistics. This year, our exports amounted to 1,171,000,000 francs, while imports totaled 1,472,000,000. In 1980, they totaled 1,476,000,000 and 1,490,000,000 respectively. For the first six months of 1961, our sales amounted to 846 million francs and our purchases to 766 million francs.
3. Except in the case of developing countries and oil exporters which, with great financial resources but no technology to transfer, are authorized under certain conditions to take out participations in Indian companies.
4. From 7 to 12 December, in four cities in India, a French "advanced techniques week" will be held at which some 60 lectures of a high technical and scientific level will be given. This event is organized by the CFCE [expansion unknown], with the support of representative Indian professional organizations.
5. 4 Boulevard Voltaire, telephone 355-03-46.

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CSO: 4200/6

## NATIONAL SEARCH FOR MERCURY INITIATED

Madras THE HINDU in English 24 Oct 81 p 7

[Text]

NEW DELHI, Oct 23

The Geological Survey of India, in collaboration with the National Geophysical Research Institute, the Bhabha Atomic Research Centre and the Indian Navy, has initiated a national project to tap mercury.

The decision to take up the project follows the identification of potential areas of mercury deposit covering a long belt from north Kerala to Bombay and beyond.

The latest instance of native mercury oozing out along a fine fracture plane in the trap rocks was recorded in the southern tip of the Arnala island near Bombay.

This was the third reported occurrence of mercury in India. The two earlier ones were in Khari in Karnataka and Badagara in Kerala.

The Arnala deposit is about 1.5 km from the shore under a 1.5-metre-deep

water column and is exposed only during low tide.

The project, if found economically viable, would provide the country with its first ever mineable mercury deposit and reduce the import of the scarce, strategic metal.

GSI has all along been carrying out fundamental studies on sea bed technology and preparing maps with limited resources in coastal waters and the exclusive economic zone.

It would now intensify its activities and studies for locating strategic minerals and metals, including mercury in collaboration with the other three organisations.

Other areas identified by GSI for further investigation include those for ilmenite, magnetite and radioactive minerals as well as likely placer deposits of gold and diamond. — Our Special Correspondent

CSO: 4220/7320



## MOSCOW MAY NOT MEET INDIA'S COAL EQUIPMENT NEEDS

Bombay THE TIMES OF INDIA in English 30 Oct 81 p 9

[Text]

DHANBAD, October 29.

**T**HE Soviet Union is understood to have indicated its inability to meet fully India's demand for equipment for development of the coal industry over the next two decades.

According to Coal India sources, the Soviet Union may not be able to fulfil the terms of an Indo-Soviet protocol signed last year in regard to the supply of equipment because it requires additional equipment to implement its own massive programme for increasing coal output.

However, the Coal India chairman, Mr. R. N. Sharma, said his recent trip to Moscow to review the progress made in Indo-Soviet collaboration under the protocol was fruitful. Both sides had frank discussions on the Mukunda project.

## REVIEW OF PROJECTS

It was decided to "conceptualise" the feasibility report on the project and to firm up the Soviet and Indian commitments, particularly in regard

to the tackling of underground fires, extraction of different coal seams and collection of geological data.

Other items finalised during the seven-day discussions related to a review of the Damuda opencast project, the Talcher field development, collaboration in the installation of the super-thermal power project at Waidhen in the Singrauli complex and development of the Jayant colliery to increase its output from six million to ten million tonnes.

Both sides discussed steps to commission the Jhajra project in the Raniganj coalfield on schedule, to modernise the Kathara washery in the Ramgarh area, the Patherdih washery in the Jharia coalfield and develop the Kathara mine.

The mining methods adopted in Assam by the North-Eastern Coal Company were also discussed. It was decided to adopt new methods to ensure safety and to increase production.

The next Indo-Soviet review meeting will be held in October next year.

CSO: 4220/7330

## COMPROMISE FORMULA ON ASSAM FOREIGNERS DEVELOPED

Calcutta THE STATESMAN in English 30 Oct 81 pp 1, 9

[Excerpt] Gauhati, Oct. 29--A "compromise" Government formula to solve the Assam problem envisages dispersal elsewhere of those foreigners who entered the State between 1961 and March 24, 1971, and their disfranchisement for at least 10 years, reports UNI.

The formula has provision for setting up of an impartial official machinery to detect such foreigners. Every persons detected as a foreigner will be allowed to contest within three months his claim to citizenship before a special tribunal constituted for this purpose.

The formula, drafted following informal talks between Central officials and leaders of the Assam agitation in August at New Delhi, proposes that such foreigners would be detected on the basis of existing relevant laws such as the Citizenship Act, Foreigners Act and the Passport Act.

Their names would be deleted from the electoral rolls, the Government would ensure their settlement outside Assam by giving them incentives and would not be eligible for citizenship unless they have resided outside Assam for 10 years. Foreigners who had entered Assam after March 24, 1971, would be detected and deported and their names, if already on the electoral rolls, would be deleted.

The Government has also agreed to the agitationists' demand that future citizenship certificates will be issued only by the Central Government authorities.

The formula also provides for a special appellate tribunal to enable a foreigner to file an appeal against any adjudication or trial by the special tribunal within a period of 45 days. There will be no appeal against the judgment of the appellate tribunal.

The Government proposes to continue detection of foreigners and in the process make use of the 1951 National Register of Citizens, electoral rolls, including those of 1952, and relevant public documents, such as, land records available with the Government and birth and death registers.

Those foreigners who had entered Assam between 1951-60 will be regularized. For this purpose this category would be identified so as to distinguish it from other categories.

The Government has also agreed, according to the formula, to deport those aliens who had been deported earlier but had "illegally" reentered Assam.

"Also those foreigners having been already detected after 1961 and ordered to be deported, but did not leave, shall be deported or settled outside Assam."

The Government agreed to take "immediate, effective, practical steps" to prevent illegal entry of the foreigners by setting up physical barriers such as walls, barbed wire fencing at appropriate places and intensification of riverine patrolling.

The other features of the formula include, voters in Assam, after revision of the electoral rolls, will be issued identity cards with their photographs affixed. A household register will be prepared after issue of identity cards. It will be ensured that birth and death registers are duly maintained. Constitutional, legislative and administrative safeguards will be provided to protect, preserve and promote the cultural and linguistic identity and heritage of the indigenous people of Assam.

The formula further says that it will be ensured that relevant laws for prevention of encroachment of Government land and land in tribal belts and blocks are strictly enforced and unauthorized encroachers evicted as laid down under such laws.

The Government has promised speedy action to implement the formula.

CSO: 4220/7332

## NATION OFFERS TECHNOLOGY TO SOUTHEAST ASIAN COUNTRIES

New Delhi PATRIOT in English 24 Oct 81 p 3

[Text] Singapore, Oct 23 (UNI) Union Minister for Industry and Labour Narayan Datt Tiwari yesterday urged industrialists from South-East Asian countries to take advantage of the facilities available in the Indian engineering industry, which offered good quality at costs substantially lower than from more advanced countries.

Speaking at a seminar organised by the Chemtech Foundation of India, Mr Tiwari said the industry could also offer appropriate in-house technologies developed by the Indian research and design establishments.

The seminar was aimed at highlighting the progress made by Indian industries and to create opportunities for exchange of technology and closer economic ties between India and countries in the region.

"India's experience in assimilating sophisticated technology into an otherwise under-developed industrial environment without compromising in any way the national socioeconomic priorities has qualified her as worthwhile partner in the industrial progress of other developing countries," the Minister said.

He said India was well placed to undertake turnkey projects of great diversity both in term of size and technology whether on her own or in association with other developed or developing countries. Mr Tiwari said the growing number of increasing successful Indian enterprises on overseas contracts in major industries, testified to the competitiveness and acceptability of Indian capabilities.

The Minister said India considered joint ventures as an important plank to promote active bilateral industrial cooperation. There has been significant increase of joint ventures in recent years in Indian technology and managerial acumen.

At present there are 120 joint ventures operating in 40 countries while 90 others are under implementation. ASEAN region alone accounted for 45 per cent of these projects, he added.

Indonesia's Minister for Industry A.R. Soehoed who attended the seminar as chief guest, assured the participants of his country's preparedness to cooperate with India to develop appropriate technology.

# HINDUSTAN AERONAUTICS DEVELOPS F-16 RADAR SYSTEM

Calcutta THE STATESMAN in English 26 Oct 81 p 13

[Article by V. S. Maniam]

[Text] Hyderabad, Oct. 25.--Can the IAF take on the F-16? Yes, given just a little time.

What makes that American fighter aircraft formidable is its air-to-air multi-mode radar system. The Electronics Division of Hindusthan Aeronautics here is already building the more critical parts of that radar, Mr R.S. Sivaswamy, who heads the division says: "The F-16 radar has five modes. We are building two of them. And once we are successful in this, we shall build the rest."

The division has already designated and produced some highly sophisticated radar system, including one for the Jaguar.

The radar for the Jaguar was developed two years ago. Since then HAL's Electronic Division has designed and "productionized" (electronics jargon for beginning production) highly sophisticated air-to-ground communication equipment for some other aircraft. Another landmark is the design and production of a High Frequency Single Side Band Transceiver for the Russian An-32 aircraft. It is sent to Russia to be fitted on to the aircraft—a technological breakthrough for India.

HAL's plan for the 1980s includes the designing and producing of more highly sophisticated aircraft electronic equipment--from futuristic air-to-air interrogation to airborne weather radar and microwave landing systems.

Apart from making available equipment incorporating state-of-the-art technology, the Electronics Division has also saved the country Rs 180 crores in valuable foreign exchange so far.

Of the 18 systems in production here right now--all designed and developed at HAL--two are noteworthy: an Air Route Surveillance Radar and a Precision Approach Radar. Hindusthan Aeronautics in Hyderabad was specifically entrusted with the task of developing and building these two radars by the Electronics Commission.

Design engineers at HAL say India is the sixth country in the world to make these radars on its own.

## BRIEFS

**KASHMIR MINISTER RESIGNS**--Srinagar, Oct 22--Mr Harbhajan Singh, Jammu and Kashmir Minister of State for Health, today resigned his ministerial post following his defeat in the biennial election to the State Legislative Council as a candidate of the State Chief Minister, Sheikh Abdullah's ruling National Conference here yesterday. Sheikh Abdullah, according to an official spokesman, has forwarded his resignation to the State Governor, Mr B.K. Nehru. Sheikh Abdullah was searching for a suitable candidate belonging to the minority Sikh community to incorporate him in his council of ministers as their representative. Sheikh Abdullah has taken over charge of the State Health Ministry. According to ruling National Conference sources, the newly-elected president of the State ruling National Conference, Mr Farooq Abdullah, would shortly be inducted in the State Cabinet and would be allocated the Health portfolio. [Text] [Calcutta THE STATESMAN in English 23 Oct 81 p 1]

**ENVOY TO TANZANIA**--Mr Preet Mohan Singh Malik, till recently India's Ambassador in Cuba, has been appointed Indian High Commissioner to Tanzania, it was officially announced in the Capital on Thursday. Mr Malik, who served in Indian missions in Cairo, Singapore and Gangtok, was sometime back India's Deputy Permanent Representative in the UN. He had also been India's Ambassador to Bahrain. [Text] [New Delhi PATRIOT in English 23 Oct 81 p 5]

**NEW GREEK AMBASSADOR**--New ambassador of Greece Anthony Corantis, on Friday presented his credentials to President N. Sanjiva Reddy, at the Rashtrapati Bhavan, reports PTI. Welcoming the new ambassador the President said that both India and Greece "share the ideas of democracy and international cooperation for the establishment of peace." [Text] [New Delhi PATRIOT in English 24 Oct 81 p 5]

**URBAN DEVELOPMENT LOAN**--New Delhi, October 29--The International Development Association, an affiliate of the World Bank, has approved a credit of \$25 million to India for urban development. The credit is for a project (total cost \$51.7 million) aimed at providing improved shelter and urban services in Kanpur, U.P. Kanpur is the fourth city in India to receive funds from the World Bank and the IDA for improving urban services, including housing and transport. The other cities are Bombay, Calcutta and Madras. The Kanpur project will help the development of areas covering a total of 192 hectares. About 14,800 residential plots and 540 small industry plots will be established and provided with access roads and a full range of urban services. The IDA credit will be for 50 years, with ten years of grace. It will be interest-free but carry a service charge of three-quarters per cent per year. [Text] [Bombay THE TIMES OF INDIA in English 30 Oct 81 p 1]



SOVIETS EXPLORE KRISHNA-GODAVARI BASIN--Bombay Oct 29 (PTI)--The Soviet Union is understood to have made a proposal for oil exploration in the Krishna-Godavari basin. The proposal was made during his recent visit to India by Soviet Deputy Oil Minister D. Takoyev--a suggestion which the Oil and Natural Gas Commission said it would consider. It is not known whether the Soviet proposal relates to onshore or offshore exploration but sources point to the wide experience of the Soviets in onshore exploration. Meanwhile, ONGC has almost finalised the contract for hiring a drillship to resume exploration work in the offshore Godavari basin where the first well, drilled in September last year, yielded promising oil find. Further exploration was interrupted because of high currents and soft mud resulting in loss of costly equipment. The drillship is expected to arrive in December. [Text] [New Delhi PATRIOT in English 30 Oct 81 p 5]

ORE FOR BAHRAIN PLANT--India and Bahrain have reached "complete understanding" on the technical specifications of the Kudremukh ore to be supplied for the four million tonne pelletisation plant being built in the Gulf island, reports UNI. Stating this, Special Secretary S.D. Prasad of the Ministry of Steel and Mines, who led a five-member delegation this week for negotiations in Bahrain, said "there had been a useful exchange of views this time in continuation of the earlier talks and negotiations in prices were likely to be finalised soon." He said Arab Iron and Steel Company's Chief Executive Omar Girne visited the Kudremukh project last February and was satisfied of the quality of the ore. Authoritative sources in Bahrain, however, indicated that if the deal is finalised, India will supply 1.5 million tonnes of the Kudremukh iron ore concentrated to Bahrain every year from 1984 onward when the plant goes into operation. Mr Prasad said the Bahrain plant would be among the most modern steel projects. He said that a followup of this week's negotiations will be carried out by Indian Ambassador Prem Singh with the Bahrain authorities. [Text] [New Delhi PATRIOT in English 30 Oct 81 p 5]

LOAN TO ONGC--New Delhi, October 31 (UNI)--The Oil and Natural Gas Commission (ONGC) has secured a package loan of \$74 million from the Export Credit Corporation of Singapore and south-east Asian commercial banks. The loans, secured on favourable terms, is to finance the purchase of two offshore oil drilling rigs from the Robin Shipyard in Singapore and the general operations of ONGC, according to official sources. A three-member delegation led by the ONGC chairman, Mr S.P. Wahi, is leaving for Singapore on Monday to sign the loan agreements on November 4. Other members of the delegation are, Mr M.C. Nawalkar, finance director of ONGC, and Mr Yogesh Chandra, of the ministry of finance. ONGC has already placed orders for building the offshore rigs. One rig is expected to be delivered by the end of 1982 and the other in early 1983. [Text] [Bombay THE TIMES OF INDIA in English 1 Nov 81 p 1]

ASSAM BORDER--New Delhi, Oct 31--The Assam movement leaders today succeeded in making the Government agree to construct a 270-km road parallel to the State's border with Bangladesh. It will be built 100 to 200 metres inside the boundary line, thus creating a no-man's land on the Assam side of the border to guard against further infiltration from Bangladesh. Creation of a no-man's land has been one of the principal demands of the movement leaders and this was conceded by the Government in course of the five-hour official-level talks interrupted

only by a working lunch. According to Mr Nagen Sarma, adviser to the All Assam Students' Union, the Government agreed to construct a wall or barbed wire fencing wherever possible to seal the border with Bangladesh. At present it is an open border. This again would help prevent the exodus from Bangladesh which has been going on at a steady rate, in spite of the agitation in the State. It was also agreed that river patrolling in the Brahmaputra and Barak would be intensified by the introduction of more engine and speed boats. [Excerpt] [Calcutta THE SUNDAY STATESMAN in English 1 Nov 81 p 1]

AMBASSADOR TO PRAGUE--Mr Nedungottu Philip Alexander has been appointed as the Indian Ambassador to Czechoslovakia, reports PTI. Mr Alexander, who was till recently Ambassador to Sweden, succeeds Mr Kishan Kumar Shivsinghji Rana, according to an official release. [Text] [New Delhi PATRIOT in English 1 Nov 81 p 7]

CSO: 4220/7342

## PERTAMINA, ARCO IN DISPUTE OVER OILFIELD

Kuala Lumpur BUSINESS TIMES in English 10 Nov 81 p 20

[Text]

JAKARTA, Nov. 9

FOREIGN oil companies operating in Indonesia are closely watching a dispute between the state oil company, Pertamina, and Atlantic Richfield Indonesia (Arco) over the future of an Arco oilfield, industry sources said today.

Pertamina ordered Arco to halt production at the 2,719-hectare offshore field near Kalimantan on July 31 after 10 years of a 30-year production sharing agreement pending a government decision on whether Arco will be able to keep the field.

Interest in the situation heightened over the weekend following a statement by a senior Pertamina official that the oilfield may be put up for fresh bidding if Indonesia decided that Arco had not been operating it properly.

Foreign oil companies here work under production sharing agreements with Pertamina under which they must transfer 85 per cent of production to Indonesia after covering production costs.

Pertamina's foreign contract coordinating

body chief D Zahar said in a statement Arco had not produced oil at a commercial rate from the field and thus Pertamina had gained nothing as the concession was still running on a cost recovery basis.

Foreign industry sources said Arco's view was that the field, producing about 10,000 barrels a day at the time of shutdown, was commercial and Arco would lose money if it lost the concession before recovering its investment.

The sources said there was some concern that Pertamina might foreclose on other concessions still in the process of cost recovery and auction them to other companies for fresh "signature bonuses" — amounts of several million dollars charged when production-sharing contracts are signed.

Mr Zahar denied the move against Arco was aimed at earning a fresh bonus and said: "Our aim in cooperating with foreign contractors is to earn maximum profits from oil production instead of merely hoping

for a signature bonus," he said.

He said Pertamina was still studying the question of whether to extend Arco's contract for the remaining 20-years and a decision would be made in a few weeks.

Indonesia is to step up its quality control in the processing of essential oils to meet international market demands, a spokesman of the National Agency for Export Development said today.

He said last year the country exported essential oils valued at M\$47.25 million compared with 1979's export which stood at M\$30.4 million mainly to Singapore, Japan, Europe and the United States.

Indonesia is currently one of world's leading producers and exporters of essential oils such as citronella, clove leaf, nutmeg, cananga, patchouli and vetiver.

The oils are used in the preparation of food flavours and fragrances of beverages and in the pharmaceutical, toiletry and confectionery industries. — Reuter, Bernama

CSO: 4220/545

FIFTEEN REBELS KILLED NEAR PAPUA NEW GUINEA BORDER

Kuala Lumpur NEW STRAITS TIMES in English 28 Oct 81 p 13

[Text]

PORT MORESBY, Tues.

— Indonesian troops airlifted into Irian Jaya killed 15 separatist rebels earlier this month in clashes only four kilometres from the border with Papua New Guinea (PNG), a PNG government spokesman said yesterday.

One Indonesian soldier was also reported killed.

The PNG Foreign Ministry statement quoted Indonesian officials as saying the 15 were killed after a raid on a logging camp near the border by rebels of the Free West Papua Movement (OMP).

### Denied

"The 15 rebels were killed in a pursuit operation after Indonesian soldiers were dropped into the area by helicopter," the statement added.

It said the clash at Haltekang had previously been denied by Indonesian authorities. OPM rebels have waged an intermittent guerilla war against Indonesian troops since Jakarta took over the former Dutch New Guinea, the western half of the New Guinea mainland, in 1969. — Reuter.

## APPEAL FOR INCREASED U.S. INVESTMENTS

Kuala Lumpur BUSINESS TIMES in English 27 Oct 81 p 20

[Text]

JAKARTA, Oct. 26

A LEADING official on Saturday appealed for increased American investment in Indonesia which currently stood at US\$406 million, or only two per cent of total US investment in the Asia-Pacific region.

Mr Suhartoyo, director of the Indonesian Capital Investment Board, told an Asia-Pacific Council of American Chambers of Commerce (APCAC) meeting that American investment here was only four per cent of the US\$10 billion total foreign investment pledged since 1967.

He said the APCAC represents some 3,000 American business executives with about US\$20 billion investment in the Asia-Pacific region. Indonesia would like to see a substantial increase of investment here.

Mr Suhartoyo promised to improve the atmosphere and conditions for investment in Indonesia and study existing regulations to provide more convenient service to investors.

At the same time, the government had identified 30 key projects in the manufacturing sectors which it would like to see

developed by foreign capital, he added.

These included foundry and forging centres, machine tools production, general machine shops, shipbuilding, seamless pipe production and automotive component plant which were estimated to require investment of around US\$6 billion during the next five to six years, he added.

Investment in the agricultural sector is also badly needed to reduce Indonesia's dependence on gas and oil as its main export commodities, Mr Suhartoyo said.

Preliminary estimates for this showed that some US\$16 billion are needed during the next seven to eight years to develop an export-oriented agricultural sector, he added.

The APCAC conference later endorsed President Ronald Reagan's call at Cancun for global economic development based on free enterprise.

A statement issued at the end of the three-day meeting also urged the US government to focus more attention on the interdependence of the US and world economies. —  
Reuters

# INTENSIVE PROGRAM TO COMBAT ILLITERACY

Kuala Lumpur BUSINESS TIMES in English 2 Nov 81 p 19

[Article by Warief Djajanto in Jakarta]

[Text] TELLING time, reading street signs, scanning a newspaper, signing a letter. These are daily activities many take for granted.

Yet human beings were never born with the ability to read and write. And 19 million Indonesians aged 10 to 45 years old can't take these activities for granted. They are illiterate.

Although over 90 per cent of Indonesia's school-age children are now able to go to primary schools, there are still a considerable number of adults, particularly in rural areas, who have never sat inside a classroom.

Illiterate farmers cannot hide their secret and embarrassment whenever they have to "sign" their name on the credit forms to seek a loan from the rural bank to buy seeds and fertiliser. For their signature, they place a thumbprint instead.

Thus many forms that require the filler's signature carry the notation "signature thumbprint."

The Indonesian term for illiteracy is "buta huruf." Literally translated, it means "letter blind."

A person's intellectual and social scope becomes severely restricted when he or she

is "letter blind." Aware of this, the Government has embarked on an intensive programme to help illiterate adults.

The programme, launched in 1978, seeks not only to teach reading and writing. It also has two other aims. One is to help people to speak Indonesian considering the dozens of regional languages in the archipelago. Another is to teach them basic education, the things they missed in elementary school.

"Eradicating illiteracy carries the inherent purpose to develop the intellectual faculties of a living nation," says Education Minister Daed Joesoef in a speech marking International Literacy Day on Sept. 8.

The Ministry of Education and Culture has devised what is called a learning group programme whose acronym is fashioned into the apt Indonesian word meaning "catch up" (*Kejar — kelompok belajar*).

These groups consist of adults who can't read and write and those who dropped out before finishing primary school.

The programme centres on a packet of 100 volumes of lessons on basic reading, writing,

arithmetic and basic knowledge. If the pupil has covered the first 20 volumes, he or she has acquired the basics of reading, writing and arithmetic.

A volunteer — who may be a member of a local mother's association or a student from a teachers' college — leads classes.

The first two years of the programme are mostly trial and improvement. Only in 1978 did the programme get underway intensively. In the past six years, as many as two million people throughout Indonesia have learned to read and write through the programme.

"People who have been freed from 'letter and numeral blindness' would make little significance for development and for themselves if the newly-gained knowledge and skills they now possess are not used to advance their level of living," Mr Joesoef said.

Thus, to supplement newly-acquired skills in reading and writing, this non-formal learning programme also offers other packets recommending income-generating activities.

Successive education packets offer courses on family welfare

education, vocational and small-business skills. At village level, the village head, local school teachers and the local mothers' association are very much involved in promoting the income-earning programmes the packets recommend.

"Interest to join the learning groups has been tremendous," says Syamsuddin Pang, secretary of the committee for basic education development of the Darma Wanita, a social activities group composed of wives of government employees.

The Darma Wanita learning group programme has taught as many as 119,000 people in 1980.

"Each group has a membership of 60 to 75 people. Those who want to join are so many that we cannot take them all at once," Mrs Pang says.

This huge interest was absent when the Darma Wanita started its programme in 1978. At that time, they had to seek willing group members from the villages and city locals. Now, they seem to have their hands full of enthusiastic "students" anxious to end their "letter blindness." — Depthnews Special



# PROBO'S ABILITY BRINGS HIM SUCCESS IN POULTRY BUSINESS

Jakarta JURNAL EKUIN in Indonesian Aug 81 pp 1, 12

[Article by Koos Arumdanie]

[Text] Jakarta--He is accused by many people of having succeeded in becoming a "big" businessman because he has ridden on the position of his elder brother, President Suharto.

At present, Probosutedjo controls 12 business firms in Indonesia. He is one of five brothers who have the same mother as President Suharto. Although there are five brothers who are sons of the same father, it is said, not one has succeeded in the business sector. Of the nine brothers of the president's generation, it is pointed out, Soedwikatmono has emerged the most successfully as a businessman.

Erect and rather tall in appearance, Probosutedjo wore a long-sleeved, light brown coat and dark brown trousers, with a contrasting tie, in his office on Jalan Haji Agus Salim in Jakarta. He smiled often while he wiped his mouth with a light blue handkerchief, while in the upper breast pocket of his coat he carried a fountain pen and a ballpoint pen inlaid with polished "diamonds." His office is pleasant in appearance, in a dominant brown with luxurious furniture made in Indonesia.

"The people's view out there is mistaken," he said, smiling. "In fact, it is not because I am the younger brother of a president that I have been able to succeed in business or commerce. Before my brother became president, I had already opened my own business. I am just one other brother, the son of the same mother," he said. "So it is not true if people say outside that I am riding on the coattails of my brother," he added.

Among his numerous enterprises, PT Cipendawa, which operated in the field of raising chickens, is a successful Probosutedjo operation. It is said that this chicken-raising enterprise was a model firm when established in 1969. However, the company was never able to develop itself fully because of a shortage of skilled personnel. Repeatedly, it was necessary to replace the poultry specialists from Taiwan as well as from Thailand. Indeed, the company was unable to overcome its major problem. Problems with the professional staff and the diligence of the workers were the primary cause of the bankruptcy of PT Cipendawa, which Probosutedjo finally took on with 35 percent of the shares in his hands. Progressing fitfully, PT Cipendawa changed from one group of foreign technicians to another. Finally, in 1975 Probosutedjo decided to take over the remaining 70 [as published] percent of the shares in the chicken-raising company. Although he was sharply

criticized, he brought a new spirit into the company and 40,000 more chickens. He gave the Taiwanese personnel 2 days to leave the poultry industry. After that, as the largest shareholder, he obtained poultry specialists from Indonesia. Several times he changed the Indonesian managers, but the company was still unable to develop properly. He concluded that the major obstacle was the available chicken feed and a problem with the diligence of the workers. "Raising chickens is a very sensitive business, and they are easily affected by disease," he said.

After finding an expert who had graduated from IPD [Bogor Agricultural Institute], Cipendawa began to grow. "Now even the foreigners are amazed," he said with pride.

What is so attractive about it that you want to become a poultry farmer? The reason is very simple. If the business continues to grow, income per head also will grow. Automatically, the requirement for calories in daily food needs is the primary requirement. Calories from poultry and eggs are more easily absorbed to meet the requirements. Furthermore, chicken products are said to be an effective medicine for the digestion. However, it is unfortunate that people have only recently become aware of this benefit from chicken products. In the past the production of chicken products on an industrial basis was still monopolized by the large chicken industries.

Compared with raising cattle or goats, the cost of raising chickens is less. With a small amount of capital it is possible to make large profits. For a chicken slaughtering firm, processing 1,000 chickens per week, only Rp 400,000 in capital is needed. Thus, the capital required per head is only Rp 400. The ideal time for slaughtering chicken is at the age of 6 weeks. Thus, the capital needed for that period is only Rp 2.4 million. Chicken coops can be made out of simple materials. However, for chickens laying eggs, the costs are higher. The cost per head is Rp 6,000, and a hen only begins to lay eggs after 6 months. The care of chickens is more expensive if the total number of chickens is small. Because of the problem of chicken feed, taking care of a small number of chickens is not cost effective.

At present, PT Cipendawa, which operates chicken-raising centers at Cipanas, Mega Mendung and Cihambalang, has 600,000 chickens. They are cared for by 70 experts and 1,500 workers. At Cihambalang, chickens are being raised from "grandparent stock" imported from the United States at a cost of \$40 per head. As a trusted American business representative, PT Cipendawa has successfully distributed high-quality chicks it has raised throughout Indonesia. Indeed, it has exported some chicks to Malaysia and Africa. This variety of chicken is customarily called "Oneday O-Chicken" (D-OC) and can go without feeding for 3 days. In Asia this variety is only found in Japan and Indonesia. An attempt to raise this variety in the Philippines was unsuccessful.

PT Cipendawa also handles eggs and is still active in the marketing of cut-up chickens (broilers). The company presently has 60,000 hens laying eggs, with a rotational system for egg laying. Usually, one third of the hens are held in reserve. "Not all of them lay eggs at the same time, as that would leave gaps," says Probo.

In a period of a month and a half the chickens are already able to swallow up the profits. Probo has shipped his chicken eggs to Irian and Aceh, and to all corners

of Indonesia. Exports to Sabah have been handled, and even Sri Lanka has asked him to open a chicken-raising enterprise in that country. "We are still looking at the situation," he added.

From the chicken "grandparent stock," 80 percent of the fertilized eggs hatch successfully, and only 5 percent are slaughtered because they do not meet requirements. The cost of chickens of this variety is about Rp 400 per head. Chickens raised from the D-OC stock may reach a weight of 4 kilograms in 2 months. However, the chicken feed formula must be right. Up to now, PT Cipendawa continues to import all of its requirements for chicken feed. Fish meal, soybean flour and the various medicines needed, as well as corn, are purchased from an importer through BULOG [Logistical Affairs Body]. However, as East Java produces corn, Probo is inclined to get his corn there.

There is a government regulation that poultry farmers are only permitted to own a maximum of 75,000 chickens. Probosutedjo says that he does not agree with this. He hopes that small poultry farmers will be given assistance in how to raise chickens properly. Then, if the poultry farmers are given an opportunity, there will be no vacuum in the market. As for chicken slaughterers, this is an easier matter, as their process only takes one and a half months. However, for laying hens, which take 6 months to get ready, the supply of eggs will go down. "Who loses?" he asks.

From chicks he is able to produce every month he makes about Rp 2 million. In a year he produces 250,000 chicks from the grandparent stock mentioned above. In a period of 6 months the chickens can lay eggs, and after 5 months they are in the category of preparing to lay eggs.

The chicken-raising business, according to Probo, should not disturb anyone, because it has become popular among the people. What needs to be done now is to increase the production of poultry and eggs. In Indonesia, on the average, the consumption of eggs is only 40 per year. In America, the consumption per capita is 4 eggs per day. In Singapore, Malaysia, and other countries the total of eggs purchased is far higher.

From PT Cipendawa's activities with the D-OC variety there has never been a decline in profits. Every brood of chicks is immediately taken up by orders. From egg-laying hens, daily production amounts to between 5 and 7 tons of eggs. The markets are the hotels, foreign firms and restaurants. It is difficult to sell chickens and eggs from the kampongs because their quality is not guaranteed. It often turns out that after kampong eggs are held for a week, they turn out to be bad.

In this poultry-raising enterprise, Probo regrets to say, there is not yet a role for cooperatives. Therefore, poultry raisers must market their own products. Ideally, the chicken raiser should store his products at a cooperative. With a special label that ensures quality, the cooperative could have the task of finding the market.

PT Cipendawa itself is involved in providing instruction courses for small poultry farmers. Throughout Indonesia small poultry raisers have registered to take a course that will be held in November. The training, which takes 1 month, can

accommodate 40 people, at a cost of Rp 4 million. "This is Cipendawa's participation in the program of providing information to the small chicken raisers," he says.

In establishing his business in 1964 he took a risk in setting up his own company. Without mentioning the name of the company, which is active in importing Toyota and Nissan vehicles in Medan, he complained about the situation. With small capital and energy he ran from one government office to another. Then, on the basis of trust, he succeeded in getting an order to import the vehicles. "I carefully explained that if you buy the car here, the price, for example, would be Rp 22 million. However, if you import it, the price is only Rp 12 million," he said. For that transaction Probosutedjo obtained advance payment, so that he didn't need a great deal of capital.

5170

CSO: 8127/0208

## BIOGRAPHIC INFORMATION ON INDONESIAN PERSONALITIES

[Unless otherwise noted, the following information on Indonesia personalities has been extracted from Indonesia language sources published in Jakarta.]

**BUNG TOMO**--Bung Tomo died last Wednesday, 7 October, at 1350 local time in Saudi Arabia while making the pilgrimage there. He was buried there shortly afterwards. This statement was made by the inspector general of the Ministry of Foreign Affairs, Lt Gen Sarwo Eddhie Wibowo, to KOMPAS last night [8 October]. Sarwo Eddhie did not yet have definite information on the cause of Bung Tomo's death. "However, it is possible it was because of the heat, as there were more than 100 pilgrims who died because of the heat," Sarwo Eddhie added. Bung Tomo, who was born in 1920 in Surabaya, had left for Jiddah to do the pilgrimage, together with his wife, Sulistina, and his two daughters, Ratna Sulistana and Dr Tien Sulistami. Bambang Sulistomo, his son, contacted by KOMPAS last night, had not yet received any direct information concerning the cause of death of his father. The late Bung Tomo was known during the period of the independence struggle for his fiery speeches arousing the spirits of the people to bear arms against colonialism during the Indonesian war of independence. At that time he was chairman of the Indonesian People's Rebellion Front. He once served as minister of state for veterans' affairs in the Burhanuddin Harahap cabinet, and his career in the Indonesian Army ended after he reached the rank of major general. The deceased also held a bachelor's degree in economics from the University of Indonesia. [Text] [Jakarta KOMPAS in Indonesian 9 Oct 81 pp 1, 12] 5170

**DR SOEPARMANTO**--Dr Soeparmanto has been appointed vice governor of the province of East Java, replacing the former incumbent, M. Soegiono, who will retire. The appointment of Soeparmanto is in accordance with Presidential Decision Letter No 167/AM/1981. He was born on 29 October 1932. Soeparmanto had been secretary in the Directorate General of General Government and Regional Autonomy Affairs in the Ministry of Internal Affairs for the past 15 years, since 1966, when Sunandar (now governor of East Java) was director general of general government and regional autonomy affairs. He will be installed in office in the course of October. [Excerpt] [Jakarta KOMPAS in Indonesian 13 Oct 81 p 11] 5170

**SOEPARDJAN**--Soepardjan, an instructor at the University of Diponegoro, is being processed by the central government to be vice governor of the province of Central Java. He was the candidate nominated by the governor of Central Java, Soepardjo Roestam, for the post. The occupant of the post of vice governor is appointed from



the career civil service. The provincial council is only asked for its agreement, but the appointment is not processed through the provincial council. [Excerpt] [Jakarta KOMPAS in Indonesian 13 Oct 81 p 12] 5170

DR SUKARDJAN--Dr Sukardjan [name as spelled in the item; clearly, this is the same person as the figure referred to in the preceding item, whose name is given as Soepardjan], a member of the Central Java Provincial Council (from the Functional Development faction) and a teacher at the University of Diponegoro, has been appointed vice governor of Central Java, based on Presidential Decision Letter No 179/M/81, dated 7 October. He will be installed in office on 31 October in Jakarta by Minister of Internal Affairs Amir Machmud, in the name of the president. This was announced by the Bureau of Community Relations of the Ministry of Internal Affairs on Tuesday [20 October]. [Excerpt] [Jakarta KOMPAS in Indonesian 21 Oct 81 p 12] 5170

EDDY SABARA--The inspector general of the Ministry of Internal Affairs, Eddy Sabara, who had become known as a "specialist as acting governor," based on Presidential Decision Letter No 181/M/81 of 12 October, was appointed acting governor of South-east Sulawesi. His installation in office will be presided over by the minister of internal affairs at a ceremony in Jakarta on 24 October. The appointment of the acting governor was made in connection with the illness of the governor of South-east Sulawesi, Abdullah Silonda, and will remain in effect while the latter is undergoing medical treatment in the United States. [Excerpt] [Jakarta KOMPAS in Indonesian 21 Oct 81 p 12] 5170

AIR VICE MARSHALL SUTI HARSONO--The post of commander of Air Region V yesterday [22 October] was transferred by Air Vice Marshal Sutoyo to his replacement, Air Vice Marshal Suti Harsono. Air Vice Marshal Suti was commander of Air Region III. Air Vice Marshal Sutoyo has been appointed by the Air Force to be inspector general of the Air Force. Air Vice Marshal Suti Harsono is currently responsible for the Air Region covering Jakarta and West Java. In this region there are two major Air Force bases: Halim Perdanakusuma AFB and Husein Sastranegara AFB. Other air bases in the region include Atang Senjaya APT in Semplak, Bogor Regency, which is the base for a squadron of helicopters, and Kalijati AFB, which is an Air Force personnel training base. In the history of the development of the Air Force, Kalijati AFB has trained generations of flyers who have later occupied important posts. [Text] [Jakarta KOMPAS in Indonesian 23 Oct 81 p 3] 5170

CSO: 4213/09



REFUGEES' FARM LAND TO REVERT TO STATE CONTROL

Vientiane VIENTIANE MAI in Lao 11 Jun 81 p 1

[Text] To: District Administrative Committees in Vientiane City and Province

In the movement to establish agricultural cooperatives some farmers were deceived by the enemy and fled abroad. These people abandoned farms, paddy fields, and gardens.

In such cases there were relatives who came claiming that the fields and orchards were their legacy or that their parents or family had divided these among them. Some put the rice fields in the agricultural cooperative and then asked to leave the cooperative, causing great difficulty for the administration and the establishment and control of the cooperatives.

Therefore, effective with this order, in regard to the land of those who fled to foreign countries, anyone who claims it as his own must have the title deed, papers of transfer, and firm evidence. He must also have certification from the administrative authority. In case he has turned the land over to the control of the cooperative, it is not permitted for anyone to leave and work the land independently and separately, or to sell it. It is the state alone that administers the land and maintains it.

For your information and implementation.

Vientiane 27 May 1981

Provincial Administrative Committee  
Signed and sealed  
Bounthon Souphanthon

9615

CSO: 4206/5

1976 REGULATIONS FOR COLLECTIVE, PRIVATE SECTOR LOANS ISSUED

Vientiane VIENTIANE MAI in Lao 8 Jun 81 pp 2,4

[1976 Regulation on Loans for Agricultural Production signed by Nouhak Phoumsavan]

[Text] I. Purpose of loans for agricultural production

1. To help the farmers obtain capital to buy the means of production and improve their living standards.
2. To restrict and proceed toward the abolishment of high interest in the rural areas, plus building up the production forces and new production relationships.
3. To have the offices, military units, factories, and specialized schools attain increased production capacity to become partially self reliant and expand their production. But they must be firmly established as self-supporting state enterprises.
4. To make agricultural production conform to the guideline of building a democratic national economy, advancing to socialism, and maintaining a stable currency.

II. Principles and Conditions of Loans

1. Those who wish agricultural loans must have a definite plan of operation.
2. Loans used for a certain purpose must be guaranteed by the borrower for payment in full and within the time period set.
3. The loan must have collateral, which may be products or the cost of labor to produce the products.
4. The products or the labor wage must have a value appropriate to the amount of the loan.
5. The loan must not pass through a non-productive middleman.

## Conditions of Loans

1. Any cooperative or labor exchange unit that wishes to apply for a loan must consist of all members capable of labor. The leader of the cooperative or the unit fills out the loan form and lists the names of the members in the unit. The canton administrative authority certifies this. In receiving the funds, each member must sign his name. The leader will be responsible for seeing that the money borrowed by the members is used for the purpose intended.

When the loan is due to the state, the unit leader collects the money from the members and pays the bank.

In the case of a state agricultural settlement, the director shall use the funds for the collective, not giving it to the members. If individuals do use it, the director must pay the bank directly when the note is due.

2. Offices, military units, factories, and state specialized schools which want to borrow money must be organized as state enterprises, with leadership and strict conditions on cultivation and raising livestock (factory stations).

The responsible committee of the offices, military units, factories, and specialized schools will apply to the bank. In case there is a change of location of the offices, military units, factories, or specialized schools or a change in the committee, the former leader of the office, military unit, factory, or school applying for the bank loan will be the person responsible for the loan.

3. A state enterprise will consist of a state agricultural settlement, people's cooperative or labor exchange unit, military unit, factory, specialized school, which desires a loan from the state must have some original capital of its own. If they think it is not enough, they may borrow additional from the bank.

## III. Loan Objectives

a. To take an interest in state agricultural settlements, people's agricultural cooperatives, labor exchange units and swidden farmers who want change to wet rice, cultivation, in order to buy water buffalo for plowing paddy fields, production tools, equipment to build small irrigation works, make waterwheels, purchase seed for planting, breeding stock, buy rice and salt for consumption, make irrigation ditches while they are increasing production.

In making loans, in order to normalize locations one should stress the areas where the weather is not favorable, where the wild game was destroyed and where formerly the people did swidden cultivation but now have turned to wet rice cultivation or field crops. Take an interest in those who expand into new rice paddies.

b. Grant loans to offices, military units, factories, specialized schools to buy seed, breeding stock, medicines.

#### IV. Methods for Getting Loans

Those who want loans must make out two application forms (forms are at the bank), one copy for the borrower to keep and one for the bank. On the application they must state the purpose clearly. The office, military unit, factory, or specialized school which wants a large loan will have a plan for production attached. Before awarding the loan the bank must send an official to inspect the labor, seed, stock, tools, and location. If the conditions are met, he recommends that the bank make the loan.

In making the loan the bank will give all the funds at one time or allow them to withdraw a little at a time depending on the individual needs and will try to have them make the transfer of funds in the accounts, when necessary, in cash, which is gradually withdrawn.

In regions distant from a bank, if it is possible, designate a bank official to take the loan to the locale.

#### VI. [As published] Terms of loans and payments

- a. Short term loans are for 6 to 12 months to buy seed, breeding stock, inexpensive farming tools, to buy gasoline and other fuel for tractors.
- b. A long term loan of 1 to 3 years to buy water buffalo, livestock, expensive farm machinery, tools for irrigation work, water pumps, and other needed machinery.
- c. Repayment to State

Repayment to the state may be made before the note is due or in several payments at the end of the harvest season. The bank will urge the collective agricultural settlement, the labor exchange unit, or the private sector farmers who borrow to clear up their debts quickly.

#### VII. Calculation of interest

A state agricultural settlement, office, organization or military unit borrowing for a short term of 1 month to 1 year must pay an interest of 0.40 percent per month or 4.8 percent per year. A loan of 1 to 3 years pays 3 percent per year.

A people's agricultural cooperative for a short term of 1 month to 1 year must pay interest of 0.40 percent per month or 4.8 percent per year.

A long term loan of 1 to 3 years must pay 3 percent per year.

A short term loan of 1 month to 1 year for the private sector has an interest rate of 0.50 percent per month or 5 percent per year. A long term loan of 1 to 3 years has an interest rate of 3 percent per year. For those who do not strictly follow the policy for agricultural production loans, the bank will be obliged to take certain steps as follows:

--The bank will stop payment of money for further installments.  
--Close the account.  
--Demand full payment.

Vientiane 29 September 1976

Acting Prime Minister, Deputy Prime Minister, Minister of Finance

Signed and sealed  
Nouhak Phoumsavan

9615  
CSO: 4206/5

PROLIFERATION OF FREE MARKET MEDICINE, GOLD; FUEL THEFTS NOTED

Vientiane VIENTIANE MAI in Lao 9 Jun 81 pp 2,3

['Conversations with the Editor's Column: "Is the Sale of Medicine Licensed?"]

[Excerpts] [Question] 1. Do the various drug stores in the market or the other places that have opened now have licenses? The vendors sometimes sell medicine dishonestly and are not concerned about the health of other people. At times I have seen them steal government medicine to sell. I have seen them at the Morning Market stalls and in the waiting lines for buses. There should be some measures taken to deal with these groups.

2. Do the goldsmith shops have licenses? What controls will there be?

3. Illicit fuel shops proliferate along the edge of the Morning Market. Do they have permits?

[Answer] 1. To tell the truth, permits in general are licenses to open shops issued by the Revenue Department. They enforce the law to the extent that the shop-keeper sells goods specified in the permit, in accord with the purpose given by the owner. As for permits to sell medicine, the Public Health Ministry is directly responsible. They register stores in general for the sale of medicine. If you follow the press reports, you must have read the order for shops selling medicine, stating the regulations. We feel the officials concerned ought to coordinate things once more to implement the regulations in conformity with this order and enforce it.

As for those who steal medicine to sell, there are persons whose specific duty it is to deal with this problem, but when you see this, you ought to inform the police so they can act on the regulations and punish the opportunist offenders. The method of correcting and cleaning up is very difficult and the evil remains in our society today.

2. This is the same as question 1 because licenses are clearly divided by the type of articles sold. You should wait for the new orders which must be more stringent than now. You have learned of the various orders, particularly the socialist trade regulations.



3. There are no licenses to sell fuel. What you have observed now in the selling of gasoline is stolen goods, taking the opportunity to buy state gasoline from those who stole it. The officials have investigated this problem and are seeking a way to suppress it. One must correct the cause, not correct the effect. "We need strict measures against those who steal and sell fuel. If there were thieves, the ones who opened stores to sell illicit goods would not have gasoline to sell." Why did you bring up this subject? Stealing and corruption is not a characteristic of revolutionary cadres. Those who do this are not only just using a revolutionary disguise to cover up things in order to get rich off the state, but we call this group opportunists. It is necessary to eliminate and sweep them out completely from our society.

9615

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LAOS

BRIEFS

LUANG PRABANG POPULATION--Luang Prabang Province is essentially the center and is more prosperous than the other provinces. The population numbers 254,183 persons, made up of many ethnic groups. There are 8 districts, 74 cantons, and 1,113 villages. [Excerpt] [Vientiane SUKSA MAI in Lao Jun 81 p 10] 9615

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## PRIME MINISTER DEFENDS NATIONAL OIL DEPLETION POLICY

Kuala Lumpur BUSINESS TIMES in English 10 Nov 81 p 20

[Text]

THE national oil depletion policy is to ensure that the country's oil resources are not used merely as fuel which is burned.

Prime Minister Datuk Seri Dr Mahathir Mohamad told the Dewan Rakyat yesterday that with the development of technology, oil would have more beneficial uses than just as fuel.

He dismissed an allegation by Encik Kadir Sheikh Fadhil (BN-Kulim Bandar Baru) that the policy was not wise.

Datuk Seri Dr Mahathir said that the formulation of the policy was more of a commercial decision, with profit and loss taken in account.

Earlier, in reply to Mr Chan Teck Chan (BN-Kota Melaka) and Encik Ismail Said (BN-Kemaman), he said the country's potential oil reserves as at Jan. 1 this year were estimated at 2.5 billion barrels.

Since January last year, 96 wells had been drilled and of them, 10 had oil and 16 gas.

Petronas was studying the size and commercial value of the wells.

The Prime Minister said that under the depletion policy, the rate of production could be adjusted from time to time to suit national requirements.

The main aim was to reduce the rate of production and put off to three to five years' production in areas yet to be exploited.

He also told the Dewan that Petronas was carrying out exploration in areas off Sabah and Trengganu.

Replying to Haji Tajul Rosli Ghasali (BN-Grik), he said Petronas did not have any share in the existing oil refineries in the country at present.

However, the national oil corporation would fully own or hold majority share in the refineries to be set up in Trengganu and Malacca and also those to be set up in future.

Replying to Encik Abdul Shukur Haji Siraj (BN-Tanjung Karang), the Prime Minister said that following the depletion policy, the country's oil reserves should last 20 years. — Bernama

## BUDGET STRATEGY AIMS AT PROMOTING ECONOMIC GROWTH

Thrust at Recession

Kuala Lumpur BUSINESS TIMES in English 24 Oct 81 p 1

[Article by Charles Chan]

[Text]

TENGGU Razaleigh Hamzah yesterday proposed a \$31,951 million budget for 1982 which is nothing less than an all-out frontal assault on the recession-prompted economic problems facing the Malaysian economy.

The basic thrust of the budget strategy, the Finance Minister told the Dewan Rakyat, will be to expand growth and supplies and to restrain price increases, particularly of the goods and services consumed by the lower income and poverty groups.

This will be through measures to spur the expansion of capacity in the essential areas of production, and to bring about higher incomes and employment, especially for those employed in these sectors.

"One of the corner stones of the 1982 will be the continued promotion of economic growth. This is essential in order to counteract the strong recessionary forces emanating from the weak economic performance in the industrial countries," he said.

"Further, regardless of international recession, we must strive to ensure that Malaysia's economy will continue to expand at a satisfactory pace, in order to achieve the socio-economic objectives of the New Economic Policy and the longer-term Perspective Plan."

To cushion the poor

from the impact of rising prices, stimulate expansion of domestic economic activities, step up the war against poverty and adopt measures to strengthen the weakened balance of payments in the longer-term, the government will pump in \$14,632 million for development and \$17,319 million for operating expenditure.

This allocation, amounting to a total of \$31,951 million, is an increase of \$8,574 million or about 38 per cent over the original 1981 expenditure estimates of \$23,077 million for operating and development expenditures.

Taking into account the \$4,294 million allocated for the first supplementary budget estimates for 1981, the expenditure next year will show an increase of \$3,580 million or about 17 per cent over the 1981 estimated outturn.

Under the operating expenditure budget about \$4,950 million or 28.6 per cent is allocated for the social sector. Within this sector, education will receive \$3,256 million while health is allocated \$1,067 million.

The economic sector is allocated about \$1,769 million or 10.2 per cent while security is allocated \$3,316 million or about 19.2 per cent, for both defence and internal security.

The development budget will provide the

highest priority to the economic sector, which will receive \$8,640 million or about 45.4 per cent of the total 1982 development budget.

To restrain price increases for essential foods and create an incentive to increase production, the government will continue to provide subsidies which for 1982 will amount to about \$1,327 million.

These subsidies will be given in areas of agriculture, transport, electricity, including tax credits for food crops and vegetables, fish, livestock and dairy products.

The largest subsidies are for petroleum and related products, including diesel and kerosene, amounting to \$750 million.

The agricultural sector will continue to receive high priority and will be allocated \$2,027 million, including \$480 million for agriculture and \$280 million for drainage and irrigation and \$713 million for land development.

While efforts are to be stepped up to help the country's farmers, the pressing issue of housing is not forgotten. Under the social sector of the development expenditure, the largest provision is for housing for which \$1,428 million is proposed, followed by education which is provided \$1,078 million to build 20,813 new classrooms, 20 new sec-

ondary vocational schools, 385 teachers' quarters in rural areas and 96 hostels for secondary schools.

In his assessment of the country's economic performance in 1981, Tengku Razaleigh said despite the further deterioration in the industrial economies, the Malaysian economy continued to perform well, with a growth rate of about 6.8 per cent compared to the earlier budget estimate of 7.6 per cent.

"This is still a relatively high and creditable rate of economic growth, especially at this time of international recession, inflation and wide-spread unemployment."

With the OECD economies expected to show some improvement in 1982 with overall real growth of about two per cent, the 1982 budget strategy will provide the impetus to enable the Malaysian economy to sustain its growth and to increase its momentum as commodity prices improve.

"Together with the commitment of the private sector to expand capacity and raise employment, Malaysia's economic growth is expected to expand by 7.2 per cent in 1982 while domestic consumer prices will be moderated, especially with the slowing down of inflation in the major industrial countries," he said.

## Significant Budget Items

Kuala Lumpur BUSINESS TIMES in English 24 Oct 81 p 1

[Text]

**OPERATING Budget:** \$17,319 million, up 17 per cent over 1981. Development budget \$14,832 million, up 50.5 per cent. In total, the increase is 17 per cent over the revised estimate of 1981.

**IMPORT** duty, sales tax, surtax and quantitative restrictions: Changes made in the case of about 150 items, including food, farm inputs, and essential building and construction materials.

**EXCISE** duties removed on 12 items locally-made consumer items and import duties corresponding reduced.

**TO** encourage savings, all interest earned on savings deposits with the national savings bank exempted from income tax. Interest from deposits up to \$10,000 placed with certain institutions continue to be exempted from income tax. Interest on individual deposits with commercial banks up to \$1,000 also tax exempt, instead of \$10,000 before.

**ABOLITION** of import duty on machinery not available locally. Surtax either wholly abolished or converted to two or three per cent on raw materials. This makes the benefit of lower surtax more widely available.

**DUTY** drawback system simplified with specific refunds to manufacturers who can show evidence of export performance. Bank Negara's export refinancing facilities liberalised to strengthen balance of payments.

**POST**-shipment facility now available to resource-based industries as well as those making higher value-added products but not to manufacturers of electronic components and parts.

**HOTEL** incentives extended for a further period and a hotel tax credit introduced to encourage further construction of hotels.

**SHIPPING:** The 12-year tax holiday accorded to shipowners will be extended to include another 12 years of partial tax relief during which chargeable income will be taxed at half the rate normally payable. Conditions which have to be met to qualify for tax relief over the entire period have been relaxed.

**COMMERCIAL** and merchant banks allowed to lend and syndicate foreign currency to Malaysian residents and undertake foreign borrowing, including accepting foreign currency deposits from non-residents. This is to be facilitated by exempting banks from withholding tax on interest paid to non-residents.

**HIGHER** road transport fees, fees for transfer of a motor vehicle doubled from \$20 to \$40 while that for a duplicate licence increased to \$20 from \$5.

**SPUR** to tourist traffic; scope of duty free status widened in case of goods brought in by a person. Removal of import duty, sales tax and surtax on cameras, watches, pens and cigarette lighters to Malaysia on same footing as Singapore in respect of these popular tourist items.

**THE** exemption level for export duty on palm oil has been increased from 75 to 85 to take into account the higher cost of refining. More important, the duty has been restructured, with processed palm oil products classified into five categories instead of four as at present, to give progressively greater incentive related to the degree of processing. The effect of this is an additional gain of about \$20 per tonne to manufacturers of palm oil products.

**TAX** incentives for the industry: Period for accelerated depreciation allowance extended up to basis year 1985 and scope widened to include all industries including leasing. Priority industries will get investment tax credits higher than present 25 per cent of total capital expenditure.

**THE** Real Property Gains Tax Act to be amended to exempt from tax gains arising from sale of companies undergoing an approved restructuring programme to conform with the New Economic Policy even if the transaction consists of money payment rather than shares. Gains arising from disposal of an asset compulsorily acquired by the government is also exempted from tax. Any gain derived from the sale of assets in the seventh year onwards after their acquisition will also not be taxed.

## ECONOMIC, TECHNICAL COOPERATION AGREEMENT WITH FINLAND

## Long-Term Goals

Kuala Lumpur BUSINESS TIMES in English 5 Nov 81 p 20

[Text]

**MALAYSIA** and Finland yesterday signed an economic and technical co-operation agreement which will serve to widen trade relations between the two countries.

Deputy Trade and Industry Minister, Datuk Shahrir Samad, signed the agreement in Kuala Lumpur yesterday on behalf of Malaysia while the visiting Finnish Foreign Trade Minister, Mr Esko Rekola, signed for his country.

A joint commission would be set up by the two countries to identify areas for cooperation and to look into questions of bilateral trade, taxation, financial arrangements and joint venture.

Speaking at the signing ceremony, Datuk Shahrir said Finnish enterprises, aside from aiming for immediate orders for the supply of capital goods and services, should also think in terms of a more lasting presence in Malaysia.

He suggested that Finnish concerns should make full use of Malaysia's various incentives to investors, especially import tariff exemptions as outlined in the recent 1982 budget, for raw materials and machinery that are used in the production of goods for export.

He added that Finnish enterprises should think about setting up fabri-

cation establishments in Malaysia for export to the neighbouring countries in the region in view of the preferential tariff arrangements that Malaysia has with Asean countries.

Datuk Shahrir disclosed that a Malaysian trade mission would visit Scandinavian countries next year. This would be a follow up of Deputy Trade and Industry Minister, Datuk Lew Sip Hon's investment mission to these countries earlier this year.

Mr Rekola noted that the agreement was the logical consequence of the growing trade contacts between the two countries.

The agreement was first suggested in 1979 following the visit of a large Finnish trade mission to Malaysia that year as part of its South-East Asian trade promotion drive. It was supposed to have been finalised and signed in Helsinki when Datuk Lew visited Finland early this year.

■ **FINLAND** has offered to make available its technology in forestry, reforestation and processing of timber products to Malaysia.

The offer was made yesterday by the Finnish Minister for Foreign Trade, Mr Esko Rekola, when he met the Deputy Minister for Primary Industries, Bujang Haji

Ulla.

Encik Bujang told newsmen that Mr Rekola also offered technical assistance on the use of residue from timber as fuel in power generating plants.

He said he asked Mr Rekola to step up direct purchases of rubber, tin and palm oil from Malaysia. Finland now makes most of its purchases through third parties in Europe.

Encik Bujang urged Finland to play a more active role in international commodity pacts, particularly the rubber and tin agreements.

Finland is a signatory of the International Natural Rubber Agreement but has still not ratified it.

Meanwhile, the Deputy Minister of Transport, Datuk Abu Hassan Haji Omar, who also met Mr Rekola said that a joint Finnish-Malaysian commission had been set up to look into the possibility of the Malayan Railway adopting some of the equipment and systems used by the Finland Railway.

He said that a team from his ministry had already visited Finland to look at the railway system, including rolling stock, communications equipment, track lanes and workshop.



## Current Trade Picture

Kuala Lumpur BUSINESS TIMES in English 2 Nov 81 p 20

[Text] FINLAND is a newcomer to the Malaysian trade scene. It established its embassy here only last year, but it must have been gratifying to the trade team to learn that in a recent pilot survey on Finland's image, about a quarter of the interviewees said they had heard about ABLOY padlocks, Finlux colour TVs, and Finnish glass and chinaware.

The Finns are making a determined effort to carve out their place in the trade market here.

Their forte is the production of capital goods. Their latest offering is technology — in mining, construction, transport and materials handling, forestry and energy — areas important to the Fourth Malaysian Plan.

Malaysia will get a preview of Finnish expertise in these areas at the Technology from Finland symposium this week in Kuala Lumpur.

Finland is a highly industrialised country and among the 15 richest countries in the world. Its per capita income as in

1980 was around US\$9,500.

Today, besides being a world leader in paper and forest machines, its ore dressing and non-ferrous metal industry is second to none. This explains why Finland is self-sufficient in metals except iron.

The Finns are also one of the world's leading producers of lifts and cranes in Europe. The Charge d'Affaires here, Mr Esko Kunnamo, pointed out that during the recent container jam in Port Klang, Finnish straddle carriers helped essentially to clear the backlog.

The bulk of Finland's exports to Malaysia has been taken up by paper products (60 per cent). Metal industry products have in the last three years increased in importance, and will no doubt gather more trade momentum following the symposium.

In return, the Finns import rubber and palm oil from Malaysia. Textiles, small machines and

electrical components are also imported by Finland and are growing in importance.

Total turnover of trade between the two countries is estimated at M\$70-80 million this year, an almost 10-fold increase over the last 10 years. The trade balance is about even, after being in Malaysia's favour all this while.

The exchange of goods and the opening up of contacts and opportunities really only picked up rapidly in the last two years with exchanges of trade missions.

The Finnish Minister of Foreign Trade, Mr Esko Rekola, led a trade mission to Malaysia in October 1979. This was followed by a Parliamentary delegation to this country in January last year.

In May this year, Deputy Minister of Trade and Industry Datuk Lew Sip Hon led a Mida investment seminar to Helsinki. The earlier trade con-

tacts bore fruit when 78 Finnish industrialists attended the Mida seminar.

The Finland-Malaysia Trade Association was also formed during that visit, cementing trade relations between the two countries. From those contacts some joint-ventures are in the offing and the first deal, to be announced shortly, has already been concluded.

The entire Asean region, with its growing economies, rising standards of living, increasing industrialisation and political stability, is now receiving the attention of the Finns.

Charge d'Affaires Mr Kunnamo says he has nothing but optimism for more trade between Malaysia and Finland. "I have seen with my own eyes that Malaysians are interested in working with Finnish industrialists and the Finns are keen to come here," he says.

After a strong beginning then, trade between Finland and Malaysia has a bright future.

## INTERVIEW WITH DEPUTY PRIME MINISTER DATUK MUSA HITAM

Kuala Lumpur BUSINESS TIMES in English 9 Nov 81 p 6

[Excerpts]

SINCE his elevation to the country's number two post, Datuk Musa Hitam has been using the big stick on the government machinery and public sector corporations with demand for efficient and clean service.

He has done some very straight talking with senior officials of key departments, telling them their secrets are known to him. He has told them he does not want to know nor does he care how it is to be done, but he wants, within a few months, the people to feel that the administration of these departments and generally of the government has improved in efficiency, promptness and courtesy.

In this special interview with A. KADIR JASIN, Datuk Musa spoke on a wide variety of subjects concerning the government as well as the private sector.

BT: There appears to be differences in official interpretation of the role of public sector corporations. Should they stress on socio-economic objectives, as one minister claimed should, or on profits?

A: The so-called contradiction is not so much on the interpretation of the role of public sector corporations but on the question of which corporations are supposed to be profit motivated, which should have socio-economic motives and which of them are in between.

Once the identification is made, this will be resolved. What has happened is that there has not been a basic interpretation in the first 10 years of the New Economic Policy, many of those corporations were basically performing socio-economic objectives, mainly of exposing Bumiputras to matters relating to business.

I have also made it very clear that where a corporation was created mainly for training Bumiputras as opposed to making profit, it should now give more emphasis on making profit.

But let me say one thing initially in the course of my visit to a few states I made a big thing out of this, the idea is to send the message across to all states and federal corporations that they must look closely at their own operations and identify their roles, and determine whether they should be developed and improved or closed down.

Q: You have been looking very closely at these corporations lately. Do you anticipate the closure of many more of them?

A: Well I have not been looking at all of them. I only looked at companies in the states that I have visited. This is a very positive way of doing

things because in the meantime the states themselves seem to be taking the initiative. So I think I have to close down fewer and fewer companies.

Q: Do you think that the government had in the past been too extravagant in its expenditure?

A: Let me say that I hold collective responsibility for whatever government commitments and expenditure in the past. So it would not be ethical for me to be making negative remarks about what has happened. But insofar as my role as the Deputy Prime Minister is concerned, I am only able to say that I am close enough to the machinery responsible for managing the financial affairs of the country so as to be able to reorientate our spending priorities.

While I cannot blame anybody for whatever had been committed before because they have their own sense of priority and collectively we agreed to it, now that I am where I am I will be able to identify our priority. Indeed we have given a general guideline that everytime we want to spend money we should think twice and be a little bit more stingy, especially on projects whose productivity is questionable.

We hope that every cent spent would be productive. Indeed this is what the whole exercise in discipline and punctuality is all about.

If you see the salary scale and perks of the civil service, nobody could deny the fact that our government service has been categorised as one of the best paid in the world, particularly among the developing countries, to the extent that even the private sector is left behind.

We are now asking for our money's worth — the taxpayers' money. We are trying to extract as much as possible from our expenditure and for the civil servants to be more productive.

Q: In a recent visit to Trengganu you warned the state government against indulging in prestige projects. What do you mean by prestige projects?

A: I think I used the word fashionable. You are right, I was deliberately reminding the Trengganu government of the danger of concentrating too much on fashionable high prestige projects like petroleum. The reason is obvious. If we overconcentrate on these projects, we may lose our perspective and forget other aspects of development. If we look at Trengganu, the priority is poverty eradication among the fishermen and farmers. We should bear in mind that they are the people who require direct intervention of the government. But you find a situation where the whole psychological framework has been greatly influenced by petroleum and heavy industries.

I am afraid that fishermen and farmers will not be listened to because the officials are too busy trying to put up these large projects which would give them name and higher image. This reminder is applicable to other states.

In Trengganu if we neglect the fishermen and farmers we will end up having pockets of poverty existing in the midst of these high prestige projects and wealth.

**Q:** Datuk, our businessmen have often been accused of lacking good business ethics and that many of them are so profit-oriented that they are prepared to resort to manipulation and cheating. Do you share this view?

**A:** Yes I do to the extent that everywhere in the world you find businessmen who try to make profit without paying attention to business ethics. The fact that allegations are thrown at them serves to show that our businessmen are no different from others all over the world.

But they need to be reminded and caught if they adopt unethical business practices. One thing we must appreciate as a strength of the Malaysian system is that we talk and we are brave enough to expose our own weaknesses. By doing this we serve the positive purpose of discouraging and preventing or at least minimising unethical business practices.

**Q:** Datuk, when we talk about corruption and malpractice, we often point our fingers at the public sector. The private sector is equally bad. What is your view?

**A:** I am glad you are saying this. We have never ignored the existence of corruption and malpractice in the private sector. What we are doing is merely to say that before we move on to other sectors, we must look at our own house first. The public sector is really public, it belongs to the people. Therefore we give top priority to ourselves first.

Now you are seeing that we are moving slowly into the private sector. One example is the amendment of the Banking Act which is quite historical in the sense that we are formulating the administrative practices of the banking sector as well as gearing certain government departments to deal with the private sector.

As Home Affairs Minister I can tell you that we are in the process of expanding the Commercial Crime Division of the Police. Indeed we are getting to be more vigilant of the activities of the private sector.

**Q:** What is your advice to companies which have yet to restructure in line with the NEP?

**A:** My advice is the sooner they do so the better. They should not, I stress again and again, look at the exercise as pro-Bumiputras and anti-non Bumiputras.

They should not look at it as something which is going to cause them financial losses. Instead they should look at it as something of national interest if they are local companies. And for foreign companies, they should look at it as a long-term investment because the very process of restructuring is aimed at creating a conducive atmosphere for the promotion of goodwill and stability. In this situation business can expand. This can already be seen when compared with the period before May 13, 1969, and the launching of the NEP in 1970.

**Q:** Datuk, do you think that recent statements by Umno Youth need clarification in that they are talking of 51 per cent Bumiputra participation instead of 30:40:30 under the NEP?

**A:** To begin with I don't represent Umno Youth and secondly one must appreciate that the movement represents the young Malays who have ideals and are naturally much more critical and demanding. These are characteristics of the young as I very much

appreciate not only because I was once young but also because I was one of the leaders of Umno Youth. But we must give anybody for that matter freedom to express his opinion.

I can only say that the objectives of the NEP have been stressed again and again as not to be deviated from. The NEP clearly stated all the important factors and objectives to be reached as well as the classification of these objectives in terms of dollars and cents, and percentage. As far as the government is concerned, we will not deviate from the objectives as expressed by the various documents and in the process of debate that has taken place.

Looking at it (Umno Youth claim) from the positive side, I would like to interpret the expression of the demand as a very positive development in the attitude of young Malays in wanting to have more. I'm saying this in all seriousness because 15 or 20 years ago, problems among the Malays were how to persuade them in wanting at all. I feel that this need not worry us too much.

**Q:** The 1982 budget has in part discriminated in favour of companies which have complied with the NEP. Will this be expanded so as to force companies yet to conform to the NEP targets to speed up restructuring?

**A:** We are talking of the next 10 years. We have to look at the situation every year. A budget of a country is always designed at trying to expand the economy within the perception of its economic needs. We will continue to identify sectors that need assistance and encouragement. I think it is not quite correct to say that it is favouring companies which have restructured. There are other companies which got roped in as well.

These exemptions are aimed basically at expanding output of the manufacturing sector by

making raw materials available so that they can increase their productivity and become more competitive at home and abroad.

**Q:** Datuk, the view held by the public is that you and the Prime Minister are made for each other politically. What makes you click so well with Datuk Seri Dr Mahathir Mohamad?

**A:** Well, I would take it as a compliment, but an embarrassing one nevertheless that such an analysis is made concerning our relationship. The only thing I can say about our relationship is that we have been constantly in touch inside and outside the government. We have gone through somewhat the same experience and come from the same sort of background in the sense that we are not from the upper crust of society or from very wealthy families. We come from the grassroot so to speak and we have been involved in a lot of discussions and projects, even assigned by our political masters in the earlier days. I would think that we understand each other's perception and concept of government. On top of that, we basically agree on a number of things that need to be done, but simply could not do because we did not have the opportunity. So now that we have reached the stage where we are No. 1 and 2, we are getting on with the job as we perceived to be best for the country, of course, to the extent that we are elected representatives of the people. I am fully aware that we are two human beings but we appreciate that in order to make the country move we cannot afford to have any basic differences in opinion. The fact that we have basic similarity in our perception of government seems to have created the impression as you have put it.

**Q:** What in essence did you tell senior civil servants, in particular the Police and the Immigration as they are under your charge, in your meetings with them pertaining to clean and efficient civil service?

**A:** Well, don't think I should choose the Police or the Immigration Department specifically but I can only say this — immediately on assuming office (of DPM) I had taken upon myself, of course with the concurrence and knowledge of the PM, to put forward our viewpoints and perception of what a good government should be. I did pick on the Immigration, the Police, the Registration Department, Customs, PWD and other groups of civil servants.

My earliest directive to them was very simple. I did tell them quite bluntly what their weaknesses (were) as we know them and to issue very straight-forward instructions. In not too many words what I told them was that "I do not want to know and I do not care how it is to be done so long as within a few months the people feel that the administration of these departments and generally of this government has improved in terms of efficiency, promptness, courtesy as well as ridding themselves of possible allegations of corruption."

**Q:** The government has pledged that it will not relent to extremism of any kind. Which of the existing extremist tendencies do you think are most dangerous?

**A:** All extremist tendencies are dangerous. They come from both sides — race as well as religion. These are the two most important aspects in the daily life of our country. Extremism in these areas has to be avoided at all costs. Action would be taken without hesitation. But of course this is a very subjective matter and in terms of certain guidelines which we would formulate — to the

extent that racial and religious extremism will destroy the very fabric of our society — it is important for us to be quite firm and definite. Race and religion are two of the easiest things in human nature to exploit for political purpose.

**Q:** Why do we allow foreign missions to circulate material which we consider harmful and punish newspapers for publishing these materials? Is it not better to ban the issue of such material at source?

**A:** I think you are getting the wrong end of the stick. We do not ban or make judgment about any publication of any mission based on what they have (to issue) but more on the objectives in issuing these materials. We have a very clear policy towards communism — international and domestic if any. We have stressed time and time again that this country is anti-communist without apologies internally. Externally we are still anti-communist but we will have proper and correct diplomatic relationship with the communist countries.

Having said that we are uncompromisingly and unapologetically anti-communist, we will not at all tolerate Malaysian publications helping agencies that try to put communist philosophy on a higher pedestal. As far as banning is concerned we have issued strict instructions to newspapers based on our unapologetic attitude toward communism to say that no communist publications should be reproduced without the permission of the authorities. This is no secret and we have been criticised for being undemocratic but we say that's it. If newspapers still go against it, they must bear the responsibility.

**Q:** The tendency in some western countries is to think that since we are anti-communist, we are their ally. Is it correct that just because we are anti-communists we are their ally?

**A:** No, I have not heard western countries terming us as 'ally' at all, they would say 'friend'. We never encourage them to use the term ally and we never assume this role of being an ally of the western countries which are anti-communist. I suspect what you mean is the cooperation with western industrialised countries in the area of economy to the extent that we have been involved in discussions and dialogue. To that extent we are their friends in business. Politically we have never allowed ourselves to be considered as their ally. The political stance of the members of Asean individually has always been that we are neutral as signified by the declaration on the Zone of Peace, Freedom and Neutrality.

**Q:** Datuk, you and a number of your Cabinet colleagues are products of campus activism. Don't you think the present system in the universities tends to dampen the growth of intellectualism and social awareness?

**A:** No, during my time I feel that there were more restrictions. It was the period of transition. The powers vested in the police and the government were much more suppressive, if at all you want to regard ours as suppressive. I never for a moment looked back in regret at what I did because I believed in the cause. I don't believe in opposing for the sake of opposing. Indeed we have rules and regulations which can be interpreted as undemocratic or not in conformity with the concept of university autonomy. But I do submit that the concept of uni-

versity autonomy is outdated and is western-oriented. In the west it may be suitable to their stage of development. There's nothing to prevent intellectual stimulation in our universities. Indeed at university functions where economic issues are discussed the government has been scrutinised and criticised. Government leaders who appear at such functions are verbally slaughtered.

Because a university degree is a passport to a better life, our students are in (so much) a hurry to better themselves that they have less time to take part in politics. While our system may not be ideal, it does not curb intellectual stimulation. The onus is on the students themselves.

**Q:** While the ISA will remain do you intend to change the style of using the Act in the sense that in the past there appeared to be some kind of drama attached to it?

**A:** Since we have taken over we do not seem to have attached a drama to it at all. We are the last people to like to make a show out of it. But rest assured that I am not blaming my predecessor. I am not making insinuations — I hope there is not going to be bad interpretation of what I'm saying now — but whatever so-called drama may be out of sheer necessity and with certain objectives in mind.

As far as I am concerned, I would want to minimise the drama, in involved commas, aspect of the implementation of the Act because we are interested in the effectiveness of the Act. If we feel that it is necessary for us to expose in a big way and that we want the publicity to produce the impact, we will do it. If it is not necessary we don't. But so far as the new administration is concerned we don't need to have that kind of treatment.



## NATION'S LARGEST STEEL PLANT TO BE BUILT IN TRENGGANU

Kuala Lumpur BUSINESS TIMES in English 31 Oct 81 pp 1, 14

[Text] THE government has decided to go ahead with the ambitious plan to produce over half a million tonnes of steel billets at a coastal location in Trengganu. This will give a big boost to the economy of the fourth poorest state in the country.

Deputy Prime Minister Datuk Musa Hitam indicated yesterday that the decision was taken at the Cabinet meeting earlier this week. This implies that the selection of a foreign firm to build the project on a turnkey basis is imminent.

The plant will be the largest of its kind in Peninsular Malaysia, with a capacity much higher than that of the Malayawata plant in Prai.

Datuk Musa made the announcement while opening the Kuala Nurul Ummu building about 13 km from Kuala Trengganu.

The proposed plant will be sited alongside the supply base for Trengganu's offshore oil and gas industry being built three miles north of Kemaman in Chukai.

This location was chosen to take advantage of the facilities of the Tanjong Berhala supply base. The harbour being

built there will make it possible for ships bringing in iron ore to unload directly inside the plant perimeter.

The supply base — expected to be completed next year — will be able to handle ships of 45,000 dwt. The site for the sponge iron plant is being cleared and levelled.

The selection of the successful tenderer for the plant was in fact expected to be made before the end of the month.

Tue executive director of the Heavy Industries Corporation of Malaysia (Hicom), En-cik Mohamed Saufi bin Haji Abdullah, had earlier said that the bids from three international companies ranging from \$500 million to \$1 billion had been received and were being assessed.

Hicom is being assisted in this assessment by the Indian consultancy firm, Dasturco.

The three firms bidding for the project are Voest Alpine Ag of Austria (which won the contract to build the Sabah sponge iron project in Labuan), Ferrostaal of West Germany and a consortium of three Japanese firms led by Nippon Steel Corporation.

*Business Times* understands that the lowest bid was put in by the Japanese consortium which plans to set up the plant's composite facilities working on the direct reduction principle.

The second lowest bid is understood to have been from Voest Alpine which is proposing the application of the Midrex process, developed by the Midrex Corporation of the US.

The plant will consist of three principal units. Iron ore will be converted to sponge iron using natural gas as the reductant. In the next stage, sponge iron will be processed into steel in electric furnaces and the molten steel will then be transformed into billets in a continuous casting plant.

The plant with an initial output of 600,000 tonnes of sponge iron a year, is expected to start production in mid-1984.

Out of the total sponge iron production, 520,000 tonnes will be used for making billets and the balance of 80,000 tonnes will be reserved for the local foundry industry.

Financing arrangements made by the tenderers are understood to have been a decisive factor in the selection process.

According to the invitation calling for tenders, bids put forward by the companies have to be accompanied by financing plans. The merits of the respective plans will be a major factor in deciding which bid is accepted. It is understood that equity participation, giving the contractor a clear interest in the success of the project, would be particularly welcome.

Hicom would, however, hold the bulk of the equity, and a small proportion may be set aside for the host state. On the development of Trengganu in general, Datuk Musa said the discovery of offshore oil and the exploitation of timber and land resources had turned the state into a fast-growing entity. Between 1972 and last year, the state achieved an annual growth rate of 12.3 per cent, the highest in the country.

This, he added, was in complete contrast to the early years of the development when the state was short of resources and was forced to rely on limited revenue sources.

## NORTH KOREA SEEKS BARTER TRADE ARRANGEMENT

Kuala Lumpur BUSINESS TIMES in English 21 Oct 81 p 20

[Text]

NORTH Korea has expressed its interest in doing barter trade with Malaysia through public as well as private sector agencies.

In a Press statement reviewing the visit of a Malaysian technical and economic mission to North Korea, the Deputy Trade and Industry Minister, Datuk Shahrir Abdul Samad said the republic's Foreign Trade Minister told the mission his country wished to increase its direct imports of natural rubber, palm oil and tin from Malaysia.

However, North Korea lacked foreign exchange to pay for its imports and suggested the proposed imports be paid for through barter trading.

Pointing out that the Malaysian mission responded by indicating interest in the import of the republic's pig iron, steel products, zinc ingots and coal as well as light industrial and manufactured goods, Datuk Shahrir said it was made clear that any barter trade that takes place must be effected through the national corporation Pemas or similar companies from the private sector in Malaysia.

"The (Korean) Minister of Foreign Trade

was responsive to this proposal," Datuk Shahrir said.

Referring to the mission's meeting with the North Korean Prime Minister, Datuk Shahrir said he stressed his country's wish to engage in direct trade with Malaysia.

To facilitate North Korea's import of more natural rubber and palm oil, the mission extended an invitation to the country's experts to visit Malaysia and see for themselves the technical aspects of natural rubber and palm oil production and marketing in Malaysia, the statement said.

According to Datuk Shahrir, the mission which he led paid a week-long visit to North Korea from Oct. 16 to study mini-hydroelectric schemes, rural industries and stage and presentation facilities.

The mission was a follow up to the official visit made by the Prime Minister, Datuk Seri Dr Mahathir Mohamad, in June 1979.

Datuk Shahrir said his mission, impressed by the republic's success in rural electrification through hydroelectric power generating

schemes, expressed Malaysia's willingness to purchase a small generator-turbine set for trials in the mini hydro development programme.

Datuk Shahrir said the North Korean Foreign Trade Minister informed his mission of his country's interest in importing between 40,000 and 50,000 tons of natural rubber annually.

This amounts to more than four times the quantity of natural rubber imported directly by North Korea from Malaysia in 1980, Datuk Shahrir noted.

Datuk Shahrir added that North Korea also expressed interest in importing palm oil for industrial purposes, particularly for lubrication.

It is currently testing palm oil samples obtained from Malaysia for the purpose.

The Korean Foreign Trade Minister also indicated the country's wish to import tin from Malaysia, Datuk Shahrir added.

In a separate joint statement which was also released yesterday, it was stressed that concerted efforts must be made to increase the existing level of trade between the two countries.



## MORE THAN 100 COMMUNIST TERRORISTS IN SARAWAK

Kuala Belait BORNEO BULLETIN in English 31 Oct 81 p 14

[Text]

KUCHING. — There are now only slightly more than 100 communist terrorists left in the jungles of Sarawak, according to the latest government figures.

Most of the Red remnants are in the Rajang Security Command areas, which are in the Third, Sixth and Seventh Divisions.

But there are also 22 within the First Division. These are members of what is known as the North Kalimantan Communist Party's First Bureau.

They are split into two units, one 11-man party operating in the Lundu area under the leadership of a Bong

Kim Lung, the second in the Matang-Sempadi area under a Chang Ah Hua.

The terrorists of RASCOM number 84, are members of the NKCP's Second Bureau and are led by a Hung Chu Ting.

The figures came from Inspector Benjamin Hasbie, and there was reason for him emphasising the presence of the Reds in the First Division — he was giving a "security and you" briefing to students of a First Division school.

He told students at Kuching Town Government Secondary School of the success in whittling down the numbers of Reds.

Before Operation Sri Aman in 1973 (the amnesty under which the government gave the terrorists a chance to abandon their struggle) the NKCP First Bureau had 357 members — and in the operation 305 gave up.

Of the remainder, 15 were subsequently killed by security forces at the time; another 15 surrendered.

Of the 387 Second Bureau Reds at the time of Operation Sri Aman, 264 gave up. Security force efforts in following years either eliminated or had others surrender, reducing the number to the present 84.

Insp Hasbie urged the public — and this includes students — to provide police with information on the activities of the remaining terrorists.

People can send such information to PO Box 5000, Kuching, and if it leads to either the killing, capture or surrender of terrorists and the capture of arms, substantial rewards will be paid.

The briefing was part of the government's "hearts and minds" campaign in the state. The aims to instill a sense of civic consciousness towards security and to prevent students, as well as the general public, from being subverted by the communists.

CSO: 4220/546

## ARMED FORCES LOGISTICS SUPPORT TO BE FULLY COMPUTERIZED

Kuala Lumpur NEW STRAITS TIMES in English 28 Oct 81 p 3

[Text]

**KUALA LUMPUR, Tues. —** The armed forces logistics support will be completely computerised by 1986 to provide more efficient, accurate and accountable services for the army, navy and air force.

The Chief of the Armed Forces Logistics Staff Mej-Jen Datuk Hassan Salleh said today that the present British system modified and adopted by the Malaysian armed forces was found to be outdated and not suitable for use in jungle warfare.

He told newsmen after opening a three-day seminar on a central

logistics depot system at the Batu Cantonment here that the armed forces needed more efficient and accurate logistics backup services in view of the expansion programme.

Jen Datuk Hassan added that the recent series of the *Gonzales* war exercises and the Public Accounts Committee inquiries had revealed several weaknesses in the management and accountability of the armed forces logistics support services.

"It is physically impossible to manually keep track of the inventory comprising 500,000 item heads worth more than \$100 million stored at the Batu Cantonment camp alone," he said.

The army, he added, had already taken the first initiative towards computerisation.

It is utilising rented mini computers to keep track of its inventory and the air force and the navy were expected to do so early next year.

He added that the usage of the mini computers was only a temporary measure while steps were being taken to acquire the army's own computers.

Jen Datuk Hassan said a pre-feasibility study was completed by a group of international consultants from the United States and Britain last year which had iden-

tified the various measures to be undertaken towards complete computerisation.

### Additional

He added that consultants would also be appointed early next year to carry out the final in-depth study before the computers were acquired.

"The computers will enable us to despatch equipment and inventory to the fighting units on the front line immediately, unlike in the past where they had to get back to their bases for additional supplies," he added.

To date the armed forces had 38 trained computer personnel while 22 were currently undergoing courses at the Mara Institute of Technology, Intan and in institutions in Australia, United States and Britain.

Jen Datuk Hassan said the seminar participants would also hold a brainstorming session after which certain recommendations would be immediately implemented while those involving policy would be forwarded to the Armed Forces Joint Chiefs Committee for adoption. — Bernama

## SLOWER RATE OF INCREASE IN DEFENSE SPENDING

Kuala Lumpur BUSINESS TIMES in English 31 Oct 81 pp 1, 18

[Text]

DEFENCE expenditures are undoubtedly claiming an increasing share of the combined operating and development budget. But this increase is slowing down.

This corroborates the statement made by Datuk Seri Dr Mahathir Mohamad in the interview marking his 100th day in office that the government has "in fact reduced defence expenditure quite considerably in terms of what was originally planned."

Before the defence expenditures gained a new momentum from 1979 onwards, their share in the total 1978 budget was 11.89 per cent. It was even higher in earlier years — 14.96 per cent in 1975 and 13.62 per cent in 1976.

In 1980, despite the considerable step-up in spending, the share of in the total budget was 10.6 per cent. This went up to 13.8 per cent in 1981 — a 3.24 point rise.

In 1982, defence claims a share of 15.56 per cent. Though this is historically high, the year-to-year rise is small.

This suggests that the government is seeking to channel resources to stimulating productive

investment, although it has to provide adequate funds for defence projects already under way. As Dr Mahathir put it: "I think we have reduced it as much as we can without damaging our capacity."

As a ratio of Gross National Product (GNP), however, defence expenditure has been rising. It was 3.9 per cent in 1979, 4.34 per cent in 1980, and 5.8 per cent in 1981, in line with the country's move to upgrade its external security, especially in the light of the US withdrawal from Vietnam in 1975.

The percentage in relation to projected GNP in fiscal 1982 has gone up again — to 7.39 per cent.

The increased spending next year — chiefly on development — is for the purchase of equipment and the construction of new facilities geared to plans for raising new army battalions and expanding the air force.

Purchase of new equipment alone, including presumably the fighter jets that the air force has said it will be ordering, is expected to amount to \$1.147 million out of the \$2.700 million

set aside for development expenditure on defence in 1982.

"Expenditure on on-going projects of the TMP, such as the naval base at Lumut, Kuantan and Labuan, and the air force base at Gong Kedak, has been planned at \$300 million, \$20 million, \$25 million and \$65 million respectively," the Treasury report says.

The Gong Kedak air base in Kelantan is of course the single most expensive project, estimated at to cost at least \$1,400 million by the time it becomes operational in 1983. Spread over some 3,000 acres, it will be built to house 14,000 personnel — more than double the 1980 air force strength of 6,000 men.

Seen in perspective, the appropriations for development purposes have been rising since 1976. It was \$335 million in that year, \$812 million in 1980 and \$1,619 million in fiscal 1981.

But as University of Malaya lecturer Mr M. Pathmanathan noted at the Economic Association's seminar in Kota Kinabalu last week, the increases are to some extent meant to "rectify"

low expenditures in the past and are primarily for items of long-term strategic significance, including bases, weapons systems and units.

Spending on such projects of such significance and on the expansion of the armed forces was given express importance in the current Fourth Plan. The overall allocations for security purposes accounted for 23.8 per cent of the total plan outlay. Security was the only major category of public development spending for which the percentage share actually increased.

Under the Third Plan, security allocations were also high — 20.3 per cent of the revised total. But only 56 per cent of the \$6,309 million put aside for this sector was actually spent.

The Treasury report however suggests that actual spending under the current five-year plan will be appreciably higher. In the past fiscal year, the latest estimate is that about 92 per cent of the total security allocations has been spent, and 89 per cent of the total for the defence sub-sector.

CEN: 4220/546

## REPATRIATION OF WORKERS FROM LIBYA TO START 'SOON'

Lahore THE PAKISTAN TIMES in English 21 Nov 81 p 1

[Text]

ISLAMABAD, Nov. 20: The repatriation process from Libya of about 3,000 Pakistani workers recruited by Al-Murtaza Associates will start within a week, the Federal Minister for Labour, Manpower and Overseas Pakistanis, Mr. Ghulam Dastgir Khan, said here today.

The Minister was addressing a Press conference at Islamabad airport immediately on his arrival from Libya after a successful visit. He said that the Pakistani workers were given an open offer by the Government of Libya to work there or return home if they wished.

He said that according to the agreement between the two Governments, those workers would be paid for their work much more than the amount agreed in their contracts along with all of their dues and overtime.

The Labour Minister said

that free air tickets will also be provided to the Pakistanis for returning home. He said that most of the workers interested to come back will reach here within a month.

An implementation committee headed by Pakistan's Ambassador to Libya would supervise the whole repatriation process.

This committee will ensure safe and comfortable return of all the workers and payment of dues etc.

A Pakistani high-powered delegation to Libya was headed by the Federal Minister.

The delegation visited Libya to increase mutual co-operation, understanding and relations between the two Islamic countries and also to solve the problems of Pakistani workers having been recruited by five overseas promoters for Al-Murtaza Associates.

The Minister had in-depth

talks with his Libyan counterpart, Mr. Mohammad Abdullah al-Mabrook, and offered every possible help particularly in the form of trained manpower.

The Minister disclosed that Mr. Mabrook will visit Pakistan on his invitation somewhere in the last week of January. He said that in future Pakistani workers will be sent to that country according to the Government-to-Government demand.

The Minister who had also a three-hour long meeting with Libyan Prime Minister Abdussalam Jaleed, said that he discussed with the Libyan leader political, social and international affairs in a very congenial atmosphere. He was confident that his visit to the brotherly country would prove to be a milestone in strengthening friendship and co-operation between the two countries.

ENC: 4220/109

## U.S. PERCEPTION OF TERRORISM CRITICIZED

Peshawar KHYBER MAIL in English 12 Nov 81 p 3

[Editorial]

[Text] Soon after the assassination of President Sadaat of Egypt, things began to move at a bewildering speed in the area. The Americans sent AWACS to monitor military activity in Libya, President Nimeiri of Sudan began shouting 'wolf' and accusing Libya of making ready to attack that country, Col. Qadhafi threatened the use of missiles in case the AWACS transgressed the Libyan borders. President Goukenni Ouedde of Chad only a few days ago most chummy with Libya, was reported to have asked Libyans to withdraw forces which had guaranteed the security of his regime against extra-territorial machinations. Things appeared to be "hotting up" around in the area with everybody in the Third World wondering if there was some kind of fireworks in the offing. Then as suddenly things simmered down, the AWACS were recalled by the Americans, Nimeiri stopped making hue and cry and agencies reported that there was no

concentration of Libyan forces near the Sudanese border, a piece of the desert hell of Sahara. The Chad President said he had never asked the Libyans to leave right then, but only when an OAU peace-keeping force entered Chad, an arrangement the Libyans had accepted, rather brought about through negotiations between Chad President and Foreign Minister of Libya. The most important thing that came to surface was the change of thinking as to the policies of President Hosni Mubarak of Egypt. He declared there could be a chance for Egypt re-entering the Arab fold as the Fahd Plan was worth considering. On the matter of Chad, the Libyans are at loggerheads with France. But, the French have been supplying Libyan with sophisticated weapons and training its personnel in their country as part of the deal.

The U.S. administration has been busy accusing Libya of "international terrorism", a canard which the

Zionist press has been giving all the needed boost, from their point of view. All the time, however, the United States was purchasing Libyan oil in large quantities, and its technicians working for the uplift of that desert country. A Karachi contemporary recently published a detailed account which purported to point out that a large number of American mercenaries were flying Libyan military planes, transporting weapons, looking after other installations, and that everything happened to be within the law. In order to take any specific measures against these Americans, the law had to be amended or fresh regulations brought on the statute book. Involved with the ex-CIA ace, Mr. Wilson, are British firms headed by a Miss Byrnes from Wales. The sequence of events and accusations and counter-accusations, present a bewildering picture, like a film made mess of in editing of sequences. President Qadhafi, an extremely popular leader of the country for the

last eleven years, running a lawfully established Government, has been called a terrorist times without number. As opposed to him, Mr. Menachem Begin, the Israeli Prime Minister, who is still on the wanted list of the British Government for a devastating hotel explosion in 1939, is extolled as the head of a Government which in itself is not recognized by at least 50 nations of the world, one-third of the United Nations members. Only recently his Government threatened to continue its invasions of Lebanon (an independent country) and to make pre-emptive strikes against Saudi Arabia because they would get the AWACS and F-15's and F-16's.

When the CIA meddles in the internal affairs of countries, supplying arms to its agents, investing huge finances in efforts to subvert, it is nothing of an activity that could be termed terrorism. The very basis of expansion of Soviet ideology in other countries is based on principles of "subversion" and it yet is not terrorism. How is it terrorism when head of an independent Government takes

similar steps for protecting its policies? One simply fails to understand the anomaly. What acutlly is the difference between "guerilla activity", terrorism or subversion, challenges one's knowledge of the nomenclature of history. Terrorists win a state through a resolution hustled through the UN, and they become respectable overnight. People driven from their hearths and homes by an aggressor, fighting for their own place under the sun which had been theirs for thousands of years, are only guerrillas for some time, but turn into terrorists when it suits a big power. Such is the case of the Palestinians and the PLO, termed as terrorists. Now a head of state, respected and followed by his own people, becomes a terrorist, because he helps the underdog whom the world's peace-keeping organisations have let down. The regret is that a Christian America plays to the tune of Zionist terrorists and even takes un their way of looking at things. Not until the US finds its own way to see things would there be a real hone of peace in the Middle East.



POLICE SEARCHING FOR TERRORIST GROUP RINGLEADER

Karachi DAWN in English 24 Nov 81 p 8

[Text] Police is looking for the ring leader of the terrorist group, who had been provoking the terrorist Lala Asad for the subversive activities in the city.

Meanwhile, search for Rukhsar Qureshi an ex-employee of Pakistan Steel Mill's and his wife, Robina, who had earlier applied for the job of airhostess in the Pakistan International Airlines, is continuing, according to the informed sources.

The sources said Lala Asad was a former student of Jamshoro Engineering University, Hyderabad. but was rusticated for three years. He joined the leftist group later on and then the "Al-Zulfiqar."

A special squad in the Liaquatabad Police Station is questioning the close associates of Lala Asad. The Special Cell has detained a doctor, who is real brother of Lala Asad. Police believed that he was aware of all the activities of Lala Asad.

Trained in Kabul

The sources said the terrorists were trained in Kabul and came to Pakistan through Quetta. The terrorist Lala Asad had contacts with some persons in Mitha Ram Hostel and a house in Drigh Colony and specifically another person, Ayaz Abroo.

Sources told PPI that before joining the Al-Zulfiqar" he belonged to the so-called 'Jiye Sind Group' and had been playing a very active role in those days.

Sources said that before the encounter the police was not aware of the fact that Lala Asad was present there. Only after the clash on Friday last, it was disclosed that he was Lala Asad.

CSO: 4220/107

# CURRENCY PRINTING UNIT UNEARTHED

Karachi DAWN in English 24 Nov 81 p 8

[Text]

A complete currency note printing unit has been recovered on the pointation of three persons who were picked up earlier by the SITE police with over Rs 80,000 forged currency notes.

The police raided a printing shop located on Shara-i-Liaquat yesterday and seized the sophisticated unit which was reportedly smuggled into Pakistan by the accused persons from Britain official sources said.

They allegedly used to print Pakistani currency notes in a fashionable bungalow located in the Defence Housing Society and later circulated them in the market, the police said.

The detained persons mostly technicians, confessed before the police that they had already printed currency notes worth over Rs 6 million. The bulk of these forged notes were circulated in Bars — the smugglers' paradise in the Federally Administered Tribal Area near Peshawar as it was considered a safe place to do

so. However some of these notes, they said, were also circulated in the local market, mostly in purchasing goods, the police said.

The SITE police are still looking for the three principal accused persons — Haji Umar, Irshad Masud and Ali Khan — all residents of the Tribal belt.

They brought in the printing machine with sophisticated cameras and installed it here because expert technicians capable of operating it were found in Karachi only.

The SITE police are making further investigations.

Meanwhile, the SITE police have rounded up three more persons for their alleged involvement in the racket. They were identified as Haji Zahur, Rashid and Qasim. The first two persons purchased the machine from the principal accused and installed it in their printing press at Shara-i-Liaquat.

Qasim was stated to be the broker who made arrangements for the deal.

## QUESTION OF PRESSURE ON PAKISTANI RUPEE VIEWED

Karachi DAWN in English. 27 Nov 81 p 7

[Article by Sultan Ahmed]

[Text] **A**RE the international financial agencies lending money to Pakistan driving us towards devaluation of the rupee?

This question arises now as one agency after another is pressing Pakistan to raise the prices of basic items, including industrial inputs, which will ultimately push the price level far higher than it is today.

If the advices of such agencies as the World Bank, International Monetary Fund and Asian Development Bank are accepted in full and acted upon promptly by the Pakistan Government, the end result will be the devaluation of the rupee.

The International Monetary Fund is insistent that the price of petrol and other oil products must be raised correspondingly to the rise in import prices, and oil consumption at home should not be subsidised in any manner.

## ADB

The Asian Development Bank which has been providing funds for the development of power in Karachi and elsewhere is adamant that power rates should be enhanced not only to make power production and expansion economic but also to enable the borrowing companies in Pakistan to repay the loans regularly.

After we have done all that, the World Bank and the IMF together are now said to want that Pakistan should raise its gas prices so that they too come in line with world prices for energy. The federal government has appointed

a high-powered committee under Mr. A.G.N. Khan Governor of the State Bank, to 'revise the gas prices' which in more familiar language, means to raise gas prices.

I am not saying that each one of these steps is wrong. The water rate, for example, had to go up. And the prices of other items should as far as possible, be equal to the cost of production — but the real cost of production and not the fattened cost the consumers are forced to endure.

Do these international agencies consult each other before pressing such demands on Pakistan? Do they consider the cumulative impact of their demands on the price level in Pakistan, on the country's economy and the ultimate end results? They do not appear to.

In the West, whose leaders determine the policy guidelines for the World Bank and IMF, wages go with prices, and wages in most countries are tied to the inflation index. Would those agencies now not want Pakistan to push up wages all round to international levels? And when the disparity in per capita income between Pakistan and the U.S. is 1 to 40, how soon could we bridge this income gap, and with what disastrous results, if we follow any kind of pressure-cooker methods?

Secondly, when the lending agencies pressure Pakistan to raise prices at home to the international levels, would they also agree that those prices which are far above the international level should also be brought down? Sugar in Pakistan today, on an average, sells at a price 200 per cent higher than the world price. Should that be brought down? Cement prices in Pakistan are higher than the world prices?

And imported items as a whole sell far above the international prices because of the very heavy import duties and the sales tax we have levied. And products manufactured at home, too, sell at prices far above the international level because of the heavy excise duties and sales on them. What would be the advice of the World Bank or the IMF in respect of such prices? Will they make the government bring them down drastically by slashing the taxes?

If the prices of the industrial inputs shoot up further and wages rise along with that, what will be the impact on the overall price level in the country? If the Government has to pay larger salaries to its two million employees will it not be forced to resort to larger deficit financing?

Deficit financing in Pakistan is already large enough. If it was Rs. 435 crore last year, it is to be Rs. 544 crore this year, and as usual the limit may be exceeded this year as well. And if the Government has to resort to massive deficit financing to pay for higher salaries to its employees, will it not result in a violent aggravation of the inflation in the country?

## Money supply

Increase in the cost of industrial or agricultural inputs would mean higher prices of the export items. The high prices prevailing and the fall in world demand have forced the government to come up with sizeable subsidies for such exports in order to avoid the more painful devaluation of the rupee. If the export prices go up further how can Pakistan cope

with them, and to what extent can the rebates rise?

International financial agencies are usually opposed to rebates. President Reagan's administration, too, is not in favour of foreign governments subsidizing their exports and making them compete with the U.S. exports. So when the Pakistan rupee takes a heavier beating because of any needlessly aggravated inflation they will force us to devalue the rupee.

Such demands from the IMF are coming at a time when the government is making determined efforts to curtail the money supply, and when it has come down from the giddy 25 per cent and 20 per cent expansion to 14 per cent. And it has also come at a time when the government has admitted its largest price rise within a year—14 per cent last year—instead of singing the song of Pakistan's unique single digit inflation, as it did for several years.

The international agencies feel they are in the right when pressuring Pakistan to raise prices and repay the loans quick because Pakistan obtained rescheduling of the repayment of the debt earlier and is doing the same now. But it is doing that now because of the high price of oil and other imports, particularly the manufactures from the West, a problem which every developing country faces now and some far more acutely than Pakistan does.

## Two devaluations

Otherwise Pakistan's credit rating is good in the world. That is how it is able to get large short term credit from consortiums of commercial banks in the Gulf and

the West. And Pakistan's foreign debt load is not too heavy to repay if we manage the economy well and make it really productive all round.

Some foreign experts argue that there is too much non-productive expenditure in Pakistan, particularly in the official sector, and too much waste all round. If 50 per cent of the water is not wasted in the cities, and if 30 per cent of the power output of WAPDA is not wasted or stolen, and if the management of enterprises is efficient all round, and the people pay full taxes, the economy of the country could be on a much stronger footing they say.

The experts also deplore the poor productivity of the workers, the low yield per acre, excessive employment of staff as in PIA or KESC, and stress that re-allocation of the country's resources is imperative for obtaining the best results, instead of letting a state of drift or very slow change continue in a country with a high rate of popular growth.

Undoubtedly these arguments are well advanced, and we have not been able to do enough in these areas, not fast enough any way. Hence they come up with pre-emptory demands, like slashing of the subsidies and raising the prices, and devaluation of the rupee if we demur in taking the first two steps.

Pakistan's economic problems cannot be solved by making the rupee weaker or cheaper. Instead it has to be strengthened with a resolute will and an open mind.

A devaluation of the rupee will force us to resort to another soon. That is what happened with the U.S. dollar in the 1970s and so they are fortifying the dollar now. Let us hence strengthen the rupee now instead of subjecting it to a crazy new spin.

'HUGE' QUANTITY OF ARMS SEIZED DURING DRIVE

Karachi MORNING NEWS in English 27 Nov 81 p 9

[Text] A drive, launched by the Civil Lines police division, against anti-social elements to curb the trend of crimes led to the recovery of a huge quantity of unauthorised arms during the 10-days of the campaign, it was reported yesterday.

The arms recovered included one sten gun, 10 pistols, seven revolvers and 300 cartridges.

Some members of notorious gangs were also hauled up during the drive.

According to the reports a drive was launched by the Civil Lines division and all the Station House Officers of the division were alerted to make hectic efforts. This was done on the directive of Mr Baber Khatak, SP Civil Lines, after order issued by the Inspector General of Police, Sind for controlling the crimes in the city.

Among the arrested was a gang of five young men on Wednesday. One of them, an employee of PIA and others reported to be students were picked up by the Artillery Maidan Police on a tip-off and three revolvers, one sten gun, one pistol and 12 cartridges were seized from their possession.

The gang was suspected to have links with other notorious gangs in the city.

However, they were remanded to police custody for nine days, for the interrogation, by SDM Civil Lines after they were produced in the court yesterday.

During the current year the Civil Lines police have recovered two sten-guns, 40 revolvers 47 pistols and a large number of cartridges.

CSO: 4220/110

## EDITORIAL CALLS FOR LIFTING OF CENSORSHIP OF PRESS

Karachi JANG in Urdu 27 Oct 81 p 3

[Editorial: "Government Must Lift Censorship"]

[Text] In giving an exclusive interview to JANG, Minister of Information Raja Zafarul Haq acknowledged that the majority of journalists in the national press is composed of responsible individuals, although the atmosphere is damaged because of the practice of a very few individuals. If this is the case, then why should the large majority be punished for the wrongdoing of a very small minority? If censorship were limited to those few individuals, then the majority could be delivered from this affliction. Those few individuals could also be controlled by means of the ordinary laws regarding the press. Nevertheless, if some elements should publish material that might be deleterious, can their efforts prove effective in the presence of a majority of responsible journalists? Certainly this will be answered in the negative. In this case, would it not be appropriate to lift censorship completely rather than in stages?

President Zia-ul-Haq, speaking with journalists in Lahore, has already said that the decision to lift censorship entirely will be made by the Federal Council. If the government wished to, it could itself make this decision immediately. Otherwise, when the Federal Council is formed, the first matter that should be put before it should be the problem of censorship. If the very first decision of the Federal Council is to lift censorship entirely, this would add to the prestige of that body. As far as censorship of books is concerned, it is appropriate to end the distinction of literary and creative works. The government should stop censorship of every kind of book. This will end the delay in the publication of books. If any objectionable material is published in book form, appropriate action concerning it can be taken under ordinary laws.

8912

1001 4203/12



PROPOSALS FOR AN ISLAMIC SYSTEM OF JUSTICE ANALYZED, REJECTED

Lahore NAWA-I-WAQT in Urdu 23 Oct 81 p 2

[Article by Azam Suhrawardy: "Will Islamic Courts Mean An End To Lawyers?"]

[Text] Many revolutionary changes are being discussed regarding the current procedures of the judicial system. It is being said that the present judicial system is English, and it is necessary that it be changed to an Islamic system. The following proposals for revolutionary changes are heard in regard to how this Islamic court system should be put into effect:

1. That the civil judge, magistrate, additional session judge, judge of the family court, judge of the labor court and judge of the summary court be called a qazi.
2. That the prosecutor or the legal scholar who is appointed Amicus curiae or Amicus, i.e., an expert legal assistant in some cases in court to help explain some important point of law, be called a mufti.
3. That the courts be free of the restrictions of the regulations of the civil and criminal courts, their procedures based on principles of natural justice.
4. That a lawyer cannot be present in court, and the parties subject to the case have to argue their positions themselves or with the help of a particular responsible person.
5. That cases be allowed an appeal, and every qazi's decision be final.

Let us see how the above changes will make the present procedures of the justice system Islamic.

Saying that any court will become Islamic by calling the honorable judges qazi, or the prosecutor or expert legal assistant mufti, or by taking the coats and pants off the honorable judges and dressing them in sherwani, is as ridiculous as saying that if we call some thief sayyid he will join the ranks of the nobility. We have nothing against traditional clothes or traditional terms. We consider such a change a good omen, but in this regard we would suggest that to expect any change in the current procedure of the justice system from this change alone is absurd.

As for the idea that the courts will become Islamic if made free of the regulations of the civil and criminal courts, the fact is that even today the family court and the tenant court are free of the regulations of the civil court and the law of evidence. Similarly, the summary court and most of the criminal tribunals even today are free of the restrictions of the criminal courts. Their regulations are based on principles of natural justice, and since the litigation of the tenant and family courts is more than half of all civil litigation, would it not be appropriate to say that more than half of the country's civil courts (that is, all the tenant and family courts) is Islamic?

Ending the occupation of the lawyer and restricting the presence of lawyers in court has been ardently proposed since Ayub Khan's martial law appeared in this country. Ayub Khan was quite successful, too, in this regard. There was a restriction on the presence of lawyers in the labor courts he established under Industrial Ordinance 59, and the restriction stayed in effect for quite a long time. The result of this restriction was that professional labor leaders began to be presented on behalf of the workers, and bureaucrats on behalf of employers, as a responsible person or friend; and when the professional labor leaders and bureaucrats became involved in their own professional activities, the workers and employers began to present lawyers, not as lawyers but as responsible persons. The readers know that lawyers cannot be present in the summary courts either; and since the martial law of 1958, every single important portion of every important criminal case has been included in the jurisdiction of the summary courts and the accused have had lawyers in the summary courts as friends.

In such a situation, people will begin to use lawyers or labor leaders, bureaucrats, village headmen, party leaders, religious guides, relatives, neighbors and other such people as a responsible person or friend, and all of these people, as responsible persons or friends, will fulfill the same duties that a lawyer fulfills in the present system. And this, too, is an admitted fact: Of the parties subject to a law case, the great majority prefer to appoint lawyers as their responsible person rather than labor leaders, bureaucrats, village headmen, religious guides, party leaders or relatives and neighbors, because lawyers are professional people, and human experience teaches that the professional is more competent. Under these conditions, we must necessarily draw the obvious conclusion that restricting the presence of lawyers in court will neither put an end to the profession of the lawyer nor cause any notable change in the system of justice. The only difference will be that lawyers will begin to be called responsible persons.

The proposal to end the right of appeal is also nothing new; but it is incorrect to assume that such a proposal will make possible swift justice, because in this case every party defeated in the trial court will knock on the door of a higher court authorized to hear constitutional appeals.

Of course, even today there are some court procedures in which there can be no appeal against the order of the trial court. For instance, the divorce court. How a speedy end to cases and appeals is possible under the present procedures, or whether a constitutional guarantee of the jurisdiction of the constitutional appeal of the high court is necessary, is a separate matter. At any rate, the point is that as long as the jurisdiction of the constitutional appeal of the high court is protected, the proposal to end the right of appeal in any case is completely meaningless.

The present system of justice is the essence of years of constitutional and legal research. The entire civilized world has adopted it. Those demanding a change in it are simpletons. Criticism of the justice system is correct, and even necessary for reform. Nevertheless, we should advance towards betterment, not towards disorder. The present procedure is also not the creation of the British but rather is based on Islamic principles and is the result of years of research by Muslim thinkers and scholars of the earlier ages of Islam. Any fundamental change in it will further complicate the issue. What is necessary is that it be made more vast and capable. Wherever there are shortcomings, they should be corrected. There is no reason why the system that fulfills the needs of all of Europe, Australia, Canada, America and East Asia should not fulfill our needs. If there is any shortcoming, it is in the machinery of implementation; or else, as in so many things, what is written on paper and what is actually done are different. If this inconsistency is removed, we can advance toward reform.

9914

CSO: 4203/12

## 'ELITE'S' POLITICAL CONCERNS VIEWED

Karachi DAWN in English 23 Nov 81 p 15

[Article by M. A. Mansuri]

[Text] Being a predominantly Government employees' town, Islamabad has always been outside the mainstream of national life. A large section of the people here has always counted itself among the country's top elites. For most of them, until recent years the main concerns have been those of better grades, better housing and better social status, which kept them as a well-knit class with its various sections distinguishable only on the basis of their grades and housing sectors. But of late, a new trend is developing.

Now, most of us here have two faces. One is used to taking a bright view of every aspect of our national life: the other is given to fault-finding and cynical observations, though such voices are audible only in the seclusion of 'safe company.' The motivation of both is the same--self-preservation. Nobody likes to be bracketed with "unpatriotic elements." Everybody wants to play safe.

Writings in the foreign Press and broadcasts of foreign radios are in demand. Those who read or hear something new or exciting are quick to pass it on. Photostat copies pass around, reaching a wide circle in no time. And they are hurriedly destroyed.

Demands by "patriotic parties" that they be allowed to resume their activities in order to be able to deal effectively with "unpatriotic elements"--heard too frequently in the recent past--and reports about measures that are in the offing in the political field have not created sufficient enthusiasm here. Those who are involved in policy implementation and know a lot more than is known in the rest of the country usually observe discreet silence.

But the resorted efforts of "patriotic" and other groups to forge alliances and united fronts do not go unnoticed. Statements of the leaders of "defunct" political parties are read with interest. Recently, the interview of Prof Ghafoor Ahmad to a periodical of Lahore which was later picked up by a number of Karachi dailies was in great demand. Its contents, timing and successful passage through the censor were extensively discussed and variously interpreted. Prof Ghafoor would be amused if he heard some of the meanings given to the interview.

## Putting Record Straight

Prof Ghafoor in his interview had revealed the names of three of the PNA parties which, he said, had opposed a political agreement with the party then in power, and pressed for Martial Law. Why he chose this particular moment to make the disclosure, after keeping quiet for more than four years, remains a subject of animated discussion.

Professor Ghafoor was perhaps trying to put the record straight for posterity. In fact, a number of us here in Islamabad have small pieces of information which continue to be of interest even today. I myself have some small bits, though not very relevant to the situation--either then or now. For example, one evening, on the eve of the 1977 elections, a young American diplomat called on me at my residence in Islamabad. He was keen to discuss what will be the general reaction in Pakistan if the French Government backed out on its commitment on the nuclear reprocessing plant.

He abruptly asked me how the people would react if the Pakistan Government were made to abandon the nuclear programme. On my asking if the American Government had decided to go to that extent, he replied in the affirmative. "To any extent," he said. The American Embassy should be in a better position to say whether the Carter Administration had really made any such decision or the young diplomat was giving a free rein to his imagination.

I am sorry about this digression. I was talking about the new trend in Islamabad, a small town with the largest percentage of literates in the country where every minor and major occurrence gets known to everybody within a short time, even if it is at the university campus which is at the farthest end of the town.

I am not trying to be funny, but I am told that astrological calculations about the future of this region--Afghanistan, Pakistan, India and Bangladesh--have started finding their way to Islamabad from far-off places, and are read with a lot of interest.

It is not a healthy sign for a society which has yet to find a system to run the country's affairs when educated people get interested in astrological predictions and foreign Press writings in order to know their own future.

CSO: 4220/107



UK TRADE TEAM HEAD TERMS CLIMATE FAVORABLE FOR INVESTMENT

Lahore THE PAKISTAN TIMES in English 27 Nov 81 pp 1, 5

[Text] Mr. Ray Edwardes, leader of the delegation of British businessmen and private industrial entrepreneurs, said in Lahore on Saturday that conditions in Pakistan were more favourable today than ever before for foreign investment and trade with Britain.

Talking to newsmen at a local hotel before the delegation's departure for New Delhi after a week-long stay in Karachi and Lahore, Mr. Edwardes remarked that he and his colleagues in the Birmingham Chamber of Commerce had noticed a great change for the better since their last visit a few years back. Pakistan's economy had recovered and had been put back on the rails during the past three years, and a fair amount of stability pervaded the economic scene. He said conditions prevailing in Pakistan were conducive to augment the volume of trade with Britain.

He said the possibility of joint enterprises was being studied with great interest by British businessmen. The visit of the delegation had helped in establishing a contact for that purpose, he added.

Mr Edwardes said his delegation was greatly encouraged by the warm reception accorded to them during their Pakistan tour. He, however emphasised the need for Pakistani businessmen to visit Britain. He pointed out that not a single delegation of private sector had visited Britain during the past many years. He further emphasised that Pakistan should be adequately and effectively represented at international fairs in Britain.

He said Pakistan should try hard to make its products known abroad. He said there was vast scope for increasing the volume of trade between Pakistan and Britain.

Various team members showed great enthusiasm for and interest in entering into an effective economic relationship with their Pakistan counterparts. They said Pakistan had the distinction of having a lot of expertise. Pakistani traders should make a concerted effort to find more and more place in foreign markets and they were required to be very aggressive on that front, they added. The members spoke highly of the talent of Pakistani local dealers and agents, and pointed out that the success of their concerns was partly due to their superb techniques. It was further stated that Pakistanis had adequate know-how to maintain Western machinery.



Mr Edwardes stated that the delegation sympathised with Pakistan since it had to deal with the refugees problem. He said that the whole international community was behind Pakistan on that question.

The delegation expressed the hope that happy results would come out of their visit to Pakistan "Our mission proved to be highly successful" they remarked Mr Robert G Hyde First Secretary (Commercial and Economic) and Mr Ebrahim Kassemally Commercial Officer British Embassy in Islamabad were also present

CSO: 4220/110

UNHCR DIPLOMAT VISITS AFGHAN REFUGEE VILLAGES

Karachi MORNING NEWS in English 23 Nov 81 p 1

[Text] Parachinar (Khurram Agency), Nov. 22--Mr Allain Coat, Representative of the UN High Commission for Refugees in Peshawar, on Saturday visited the Afghan refugee tentage villages at Mathasanghar and Dassu, about 15 miles south of here, adjacent areas of which were strafed by the Afghan helicopter gunships last week.

Eye-witnesses told a Press party, accompanying Mr Allain Coat that the Afghan helicopter gunships had appeared from across the border from the direction of Kharlachi early in the afternoon. After circling over the Afghan refugee tentage villages, the gunships penetrated about 10 miles deep into the Pakistan territory and strafed the nearby areas on return.

Eye-witnesses said that a female refugee, Zarnama, wife of Tona, from village Said Karaam Ulaswali in Paktia province of Afghanistan, was killed instantly due to the strafing. Twelve other refugees, mostly children, were also wounded besides 15 local people.

They said that the gunships also dropped mines at Shangak and several other places close to the refugee camps. Mines in the shape of toys, birds and other attractive objects exploded resulting in injuries to a number of Afghan refugees.

The newsmen were also shown empties of machine-gun bullets and recovered unexploded mines from the affected areas.

Mr Allain Coat met the elders of the refugees and inquired about their problems and needs.

He was informed that adequate foodstuff were available and they were getting the food articles regularly. They however, demanded more tents, clothing, shoes and medicines.

CSO: 4220/108

## CORPORATE SECTOR INVOLVEMENT IN FARMING SEEN GAINING SUPPORT

Islamabad THE MUSLIM in English 21 Nov 81 p 4

[Editorial]

[Text]

THE DEMAND of the entrepreneurs that the corporate sector should be enabled to enter large-scale farming is gaining support outside the farm belt. After the Federation of Chambers of Commerce and Industry endorsed their demand, the Government has come out openly in support of it. The Federal Food Minister, Vice-Admiral Janjua has been stressing for some time now that the agricultural salvation of Pakistan lies in increasing the yield per acre and not the acreage. He has been pleading for better, disease-resistant varieties of crops, using high-yield seed, mechanisation and the high output techniques of cultivation. The Federal Industries Secretary has now told the U.S. investment mission that the Government laid great emphasis on reorganisation of agriculture on the most scientific and commercial lines. But he wants the induction of the corporate sector into farming without changing the ownership of land of the farmers. Undoubtedly, induction of the corporate sector can result in mechanisation of farming, the use of high yield inputs beginning with seed, fertilisers and pesticides, building up of better storage facilities that will reduce waste and infections, and proper transport arrangements that will enhance the profitability of the farms. But will the corporate sector be more fair to the peasants who will contribute their lands as share capital than they have been with their small share holders? Will they give their peasant shareholders their due instead of treating them like the agonised shareholders of the industrial corporate sector? Such questions arise immediately because of the raw deal the small shareholders have received in Pakistan. If out of the over 300 companies listed on the Karachi Stock Exchange, half will not give any dividend, and half out of the rest give a dividend below the bank interest rate of 14 per cent, the shareholders have real reasons to feel they have been too badly treated. While private limited companies in which the public do not hold any shares, or companies in which family members or small groups of persons who hold most of the shares—like general insurance companies—are doing very well, public limited companies with the investment of the general public have been faltering and failing and giving nothing or very small dividend to the ordinary shareholders. And their performance stands in sharp contrast to that of the multinationals in Pakistan who are able

to pay adequate taxes, fair wages and handsome dividend to their shareholders. As a result, their shares are quoted at high prices while those of most Pakistan companies are quoted at low prices, and too many of them at prices below par. If such entrepreneurs are not inducted into farming will they really invest a large amount of money and not nominal amounts? And will they give fair wages to the farm workers and fair returns to the peasants who hold shares of such farms?

Private entrepreneurs want to go into farming through the corporate sector as they see a great deal of profit in it, something which the gentlemen farmers deny but if they do go into farming in a big way, will they reduce their new industrial investments and go for farming in the exuberant manner they went into commercial construction recently? All these basic questions must be answered by the entrepreneurs satisfactorily before the corporate sector moves into farming. The Federation of Chambers of Commerce and Industry which is stridently pleading the cause of the entrepreneurs should be able to give concrete undertakings on their behalf. What is at issue is not the principle of the corporate sector going into farming, but its practices hitherto, and the likely future trends. Hence the Federation should have larger obligations than merely espousing the cause of its members vigorously and insistently. Such commitments or assurances are all the more necessary in a country where the Government has not permitted the formation of an association of shareholders. Nor does the country have effective consumer protection societies. And the new corporate law is yet to see the light of day. So while the pressure groups are vocal and insistent, the public does not have the machinery, non-official or official, to protest and get a fair deal. And that disrupts the balance of power in the economy altogether. Undoubtedly the principle of inducting the corporate sector into farming is a good one in a country with a large population, steady increase in the population and limited cultivable land, but the farmers should be very agreeable to it initially. Otherwise, the efforts have to be experimental or limited to some areas. The entrepreneurs should themselves now demonstrate that they can be fair to the shareholders, beginning with those in the industrial sector, and they can now be relied upon to give a fair deal to the hapless peasants who may be persuaded to surrender their lands to the corporate barons.

## FEDERAL ACADEMY FOR EDUCATIONAL PLANNING

Islamabad THE MUSLIM in English 21 Nov 81 p 5

[Text]

KARACHI, Nov. 20: The Federal Government has decided to set up an Academy of Educational Planning and Management with its headquarters at Islamabad for evolving effective instruments for the implementation of education policy. It was officially learnt.

The Academy, which will be governed by a Board, will organise training programmes for different categories of personnel in educational planning, administration, supervision, research and evaluation. It will also organise research programmes on problems of educational planning, administration, supervision, financing, physical facilities research and evaluation.

The Academy will also be charged with the responsibility of organising conferences, seminars,

symposia, workshops on various aspects of educational development for different interest groups such as policy makers, senior cadres of educational managers, academicians, research scholars and international experts.

It will co-ordinate training, research and evaluation functions of other agencies connected with educational development at the provincial, national, regional and international levels.

The academy will serve as research centre for educational information and retrieval and disseminate literature on educational planning, administration, supervision and research and evaluation.

The academy would advise and assist the government in formulating

short-term, annual and five year plans for the education sector and in the formulation of education policy. It would provide professional services and support to educational institutions and all other related agencies.

The Secretary, Ministry of Education, will be the Chairman of the Board of Governors. The management, overall control and supervision of the affairs of the academy shall vest in the Board of Governors. Education Secretaries of all the four provinces and of Azad Kashmir, representative of the University Grants Commission, Vice-Chancellor Allama Iqbal Open University will among others, be its members. The Federal Government will appoint a Director-General which will be its member/Secretary.-

# ONE MILLION ACRES BROUGHT UNDER WHEAT CULTIVATION IN SIND

Islamabad THE MUSLIM in English 21 Nov 81 p 4

[Text]

KARACHI, Nov. 20: About one million acres of land has so far been brought under wheat cultivation in Sind with sowing tempo being further accelerated to achieve the target.

According to the latest wheat crop reports, the seed germination and stand of the crop is satisfactory.

Wheat is to be grown this year on 25.45 lakh acres with production target fixed at all time high level of 20.60 lakh metric tons.

The Sind Agriculture Department has instructed the field staff to step up wheat sowing campaign and motivate farmers to adopt modern technology by using balanced doses of fertilizer coupled with agronomic practices for weed control in order to ensure increased per acre yield.

Under the directive of Presi-

dent of Pakistan, farmers melas are being organized by the Agriculture Department for dissemination of useful information about wheat cultivating to the agencies to help remove constraints in timely supply of fertilizer and other inputs.

Wheat production target has been brought to the level of union councils and the field staff has been directed to make all out efforts to achieve the targets in their respective jurisdictions.

With a view to furthering the "grow more wheat campaign", the senior officials of Agriculture Department were also visiting the wheat growing zones to review the sowing position.

In this connection, the Additional Secretary Agriculture, Kamaluddin Qureshi, today visited Sukkur and reviewed progress of the campaign at a meeting with the extension officers.

The Agriculture Secretary, S. M. Waqar will soon leave for Hyderabad for an inspection of wheat sowing in the division.

CSO: 4220/109



## LOW QUALITY OF FLOUR SCORED

Lahore THE PAKISTAN TIMES in English 21 Nov 81 p 4

[Editorial]

[Text]

Flour mill-owners are the natural target whenever public complaints of poor quality 'atta' arise. Sporadic raids on mills have revealed that during milling there is more than the permitted extraction of 'fines' or white flour and 'suji', which is then sold profitably in the open market. The mill-owners' contention, on the other hand, is that wheat supplied to them for milling is substandard and rotten. The Chairman of the Punjab branch of the Pakistan Flour Mills Corporation has accused the Food Department of supplying for milling grain from last year's stocks which has been exposed to the elements and is unfit for human consumption. According to him sometimes bags were underweight and the mill-owners were advised to increase the moisture content to make up the desired weight. Such 'atta' turns rancid within a few days.

The consumer knows to his detriment that the quality of wheat flour fluctuates while the price makes an ascending graph. 'Thaila atta' costs Rs. 2

per kilo in the open market which a majority of people purchase in preference to ration-depot 'atta' in the hope of getting better quality. The customer is also frequently aware of the unpalatable almost muddy characteristics of ration-depot 'atta' and not a few doctors have blamed it for an increase in stomach complaints. Even 'atta' from the costlier bags is not always exempt from the charge. Storage and milling practices are the two obvious problems to be tackled. The former is notoriously inadequate, resulting in a high proportion of crop loss every year; the milling operation is a field for malpractices which unfortunately the regulatory staff has not been able to check. Who is to check the checkers? The public must become more exacting and refuse to accept substandard wheat, insisting on replacement, technically the mill-owners' obligation. The manual worker, the office worker, the affluent and the indigent, children and elders all deserve better than a mouldy chapati.

## BRIEFS

**TRACTOR PLANT IN LAHORE**--Lahore Nov 22--The first tractor manufacturing unit in the private sector in Pakistan, being established with an estimated cost of Rs 135 million, will start producing tractors from February next year. The unit is being established at Lahore with the financial and technical assistance provided by the Yugoslavian Government involving an amount of Rs 70 million as a foreign exchange components. Mr Radovic the Managing Director of the IMT Tractors Company in Yugoslavia on Thursday visited the site of the proposed unit situated on Multan Road near here under the name of Associate Tractors Limited. In its first phase the unit will produce 250 tractors yearly of 50 horse power. It will provide job opportunities to about 2000 workers and give boost to the local light engineering industry as it will use 85 per cent of the tractor components manufactured in the country. Later speaking at a meeting with the dealers, the Managing Director of the IMT said that Yugoslavia Government had decided to provide absolutely free and complete tractor manufacturing know-how to Pakistan as a matter of special gesture. Farm and workshop service would also be made available for the farmers, he added. [Karachi DAWN in English 23 Nov 81 p 4]

**REVIVAL OF POLITICAL PARTIES**--In the opinion of President Zia and his colleagues the time is not conducive for holding the general elections. However, the President's numerous declarations on this subject make it clear that he wishes to transfer power through general elections. Presently the forces opposed to Pakistan wish that there should be chaos and crisis in Pakistan, from which they could benefit. If they succeed in their aims, they would wipe out everything that was done here during the past four years in respect of the Islamisation work. It is a fact that whenever there is a suspension in political activities, anti-state elements find the atmosphere helpful for their aims. The best and most effective way to crush these elements is through the revival of political parties. We apprehend that anti-state elements would try to take undue advantage of a prolonged interim period. Now that a decision has been made to form the Federal Advisory Council, some effective method should also be evolved to deal with anti-state elements. We believe that immediately after the formation of the Advisory Council, patriotic political parties should be revived and allowed to indulge in healthy political activities. This would make it impossible for anti-national elements to continue their activities. The success of patriotic parties depends on positive efforts, while the non-patriotic parties depend on negative tactics. Fearful of their defeat, the unpatriotic parties do not like to compete with patriotic parties in an open atmosphere. [Karachi DAWN in English 23 Nov 81 p 15]

**WARNING ON SCHOOL 'MISCHIEF'--Lahore, Nov 22--**Federal Education Minister Mohammad Ali Hoti said today that the Government was determined to take stringent action against the agents of certain political parties trying to create mischief and grouping in the educational institutions to achieve their ulterior motives. He said this while talking to a delegation of the Pakistan Nationalised Teachers Association, says an Association Press release here today. The Minister said the recommendations of the provincial Governments on the grievances of teachers were still awaited. The delegation, headed by Mr. Akhlad Ahmad, apprised the Minister of the difficulties of the teaching community. The Minister gave a patient hearing to these grievances, and said that every effort would be made to redress them, the Press release added. [Karachi DAWN in English 23 Nov 81 p 14]

**CUSTOMS CLEARING POINT--Peshawar, Nov. 23--**The Peshawar city railway station has been declared as customs clearing point for the export of goods to foreign countries from Peshawar with immediate effect. This was revealed at a meeting presided over by the provincial Finance Minister, Mr Salim Saifullah Khan in Peshawar yesterday. [Karachi DAWN in English 24 Nov 81 p 5]

**PUNJAB INVESTMENT LIMIT RAISED--Gujranwala, Nov 23--**In order to promote industrial development in the country, the Government has decided to enhance investment limit upto Rs 5 million for establishment of industrial units. This amount does not include the cost incurred on land purchase. This was disclosed by the Provincial Minister for Revenue, Industry and Labour, Malik Allah Yar Khan, here yesterday. The Minister was addressing local Chamber of Commerce and Industry on his one-day visit of Gujranwala. In reply to welcome address presented by President the Chamber, Haji Manoor Husain, the Minister said that there was no restriction on private sector setting of heavy industries in the country and assured of his full co-operation of the government. He advised labour officials to perform their duties according to rules. He emphasised that they should discharge their responsibilities with honesty. The Minister disclosed that the Federal Government had already requested to provide the facilities for loan to industrial concerns through scheduled banks. The Ministry disagreed with the proposal to close down apprenticeship centres and expressed that these have been opened for providing technical assistance to the industry. He assured that Government would consider to set up export processing zone at Gujranwala, provided facilities could be available here. [Karachi DAWN in English 24 Nov 81 p 5]

**DEVELOPMENT OF SHARIGH COALFIELDS--Quetta, Nov 22--**Sharigh coal fields are being developed in Baluchistan at a cost of Rs 32.506 million to raise their annual production to one lakh tonnes from the present annual production of 50,000 tonnes. At Sharigh, a coal washing plant has already been set up at a cost of Rs 25.275 million to supply 75,000 tonnes of washed coal to Pakistan Steel Mills, Karachi. Meanwhile, plans are underway to set up a 50 MW thermal power station based on coal deposits at Dukki in Baluchistan at a cost of Rs 150 million. [Karachi DAWN in English 27 Nov 81 p 4]

**MOVEMENTS OF NOORANI, NIAZI--Lahore, No. 26--**Maulana Shah Ahmad Noorani, President of the defunct Jamiat Ulema-i-Pakistan has been externed from the Punjab and his entry into the Province has been banned for three months. Similarly, the movements of Maulana Abdul Sattar Khan Niazi, Secretary-General of the defunct JUP, have been confined to the District of Mianwali. Dawn yesterday carried a story saying that

the two have been detained and sent to their respective homes (Karachi and Mianwali) for house arrest. As a matter of fact, they have not been detained but exterred and their movements have been restricted to their respective places. [Karachi DAWN in English 27 Nov 81 p 1]

ATTENDANCE AT MARRIAGES, PRIVATE FUNCTIONS--The Government of Sind has amended the Sind Economy of Food Order 1971 to relax the rules regarding serving food on the occasion of marriages and private functions, says an official handout. According to the amendment, the number of persons to be served at a marriage ceremony with bride and bridegroom from different places, has been increased from 50 to 250 persons and no permission will be required. For private functions, food can be served up to 40 persons, while there will be no restriction on serving food in contributory get-together and charitable distribution. The matter of relaxation in respect of local marriages is being ment. [Karachi DAWN in English 27 Nov 81 p 14]

EX-STUDENT LEADER SENTENCED--Rawalpindi, Nov. 21--The Special Military Court No. 38 today sentenced Raja Jamil Abbasi, a former student leader of Islamabad to 14 years rigorous imprisonment under Martial Law Regulation No. 4, 13 and 33. The convict was arrested from a house in Islamabad on May, 5 last and a large number of subversive literature including booklets, pamphlets and handbills were recovered from his possession. The literature contained the material creating hatred and disaffection among the people against Martial Law. A Huge quantity of illegal arms, such as detonators, pistol of 32 bore and explosives, were also recovered from his possession. However the court observed that the convict could submit mercey appeal before the President Gen. Mohammad Zia-ul-Haq. [Lahore THE PAKISTAN TIMES in English 22 Nov 81 p 8]

UK CONSIDERING LAHORE CONSULATE--The British Government is seriously thinking of reopening the Consulate in Lahore. Mr. Robert Hyde, First Secretary (Commercial and Economic), British Embassy, Islamabad told newsmen that the proposal was being disassionately discussed but the decision would come from London. He said, to begin with a trade office might be established in Lahore. Later, a full-fledged Consulate might emerge. He said these proposals were being considered, but so far no decision had been taken. He, however, said that chances were bright. Britain decided to wind up its Consulate in Lahore in the mid-70s. [Lahore THE PAKISTAN TIMES in English 22 Nov 81 p 1]

BADIN OIL WELLS--Jhuddo, Nov. 21--Daily 10,000 barrels of oil is estimated to be produced from the oil wells being developed at Goth Khaskheli in district Badin, Sind. The concerned authorities said that drilling of another four wells have been under taken around the original well which produced the best quality of oil after initial drilling. The first well out of the four new ones will be ready within a fortnight while remaining will be completed in two and a half months. Meanwhile efforts are also underway to start drilling for oil at another Goth about eight kilometre from Goth Khaskheli where oil is also expected to be found. The work on wells at the new Goth will be started within two months. [Lahore THE PAKISTAN TIMES in English 22 Nov 81 p 8]

YUGOSLAVIA OFFERS TRACTOR TECHNOLOGY--Yugoslavia's largest tractor manufacturing organisation, IMT has offered to transfer the latest technology free of cost to Pakistan. This was stated by Mr. Radovic, General-Manager, IMT, while addressing



a select gathering of local entrepreneurs, Government officials and economists at a local hotel on Friday. Mr. Radovic said the necessary know-how for the manufacture of tractors existed in Pakistan and the local industry could make a great contribution in making some tractor components. The IMT tractors would now be produced in Pakistan in collaboration with a Pakistani company known as Associate Agencies. This is the first tractor plant in the private sector and expected to go into production by Feb. 1982. The plant is being set up with a capital of Rs. 135 millions and would eventually employ 2,000 hands. Its annual production is estimated to be around 3,000 tractors. The IMT General-Manager said their technology was the most modern and the buyers would appreciate the good quality. An elaborate workshop would also be set up in Lahore to solve the problems faced by the farmers, he added. [Lahore THE PAKISTAN TIMES in English 21 Nov 81 p 10]

PUNJAB BAN ON KHAIRUDDIN--The District Magistrate Lahore has banned the proposed two-day meeting of the (defunct) Pakistan Muslim League to be held at the residence of Malik Mohammad Qasim, while the Punjab Government has banned the entry of Khawaja Khairuddin in the province for three months. The political meeting was to be held on Nov 19 and 20 at the residence of Malik Qasim. Khawaja Khairuddin was served notice at Karachi through the Sind authorities. [Lahore THE PAKISTAN TIMES in English 21 Nov 81 p 10]

PIRKOH GAS PLAN--Quetta, Nov. 20--The first phase of Pirkoh Gas Fields-Integrated Project in Kohlu Agency of Baluchistan is expected to be completed in about two years to supply 72 million cubic feet of gas daily to meet country's growing energy demand. The first phase would cost over Rs 704 million including Rs 409 million in foreign exchange. The Asian Development Bank has already signed a memorandum of understanding with the Oil and Gas Development Corporation to finance the first phase. The first phase envisages detailed seismic survey of the structure followed by drilling of six development wells in the Pirkoh area. Two wells have already been dug in the area. [Lahore THE PAKISTAN TIMES in English 21 Nov 81 p 5]

CSO: 4220/110

## TRIPOLI AGREEMENT SEEN AS LEGAL ABSURDITY

Kuala Lumpur BUSINESS TIMES in English 30 Oct 81 p 6

[Article by Teodoro Benigno in Manila]

[Text]

FEAR, uncertainty and violence continue to stalk the deep Philippine south where guns alternately roar and fall silent in the nine-year-old secessionist war that has already claimed 66,000 lives.

The Tripoli agreement of Dec. 23, 1976, which was supposed to bring the curtains down on the Muslim rebellion and bandage centuries-old wounds, is virtually in shreds and nobody seems to know where to pick up the pieces and begin again.

The Philippine government claims that it has implemented the Tripoli accord by setting up autonomous regions 9 and 12 in 10 Mindanao provinces and accuses the Moro National Liberation Front (MNLF) of non-compliance and 9,000 ceasefire violations.

The MNLF, umbrella group of about 10,000 to 15,000 Muslim guerrillas, claims that the Philippine government has violated the Tripoli agreement across-the-board and accuses the government of dishonesty and insincerity.

The 42-nation Islamic Conference ritually supports the MNLF cause and in its 13th session on June 1-6 this year in Baghdad, Iraq, renewed its appeal to the Philippine government to implement the terms and provisions of the Tripoli agreement.

Earlier this year, on Feb. 21, after government statements that the MNLF leadership had been decimated, that 1,000 Muslim rebels were surrendering monthly and that peace is in sight, the Patia Island massacre exploded in everybody's face.

The massacre, said to be the worst Philippine armed forces reversal in the southern rebellion, saw 119 troopers die in a grisly slaughter.

Philippine government-MNLF negotiations should logically be resumed but even here, despite Islamic Conference pressure, the positions held by the protagonists are so wide and divergent that even simple agreement on an agenda requires the wisdom of Solomon.

The root of all this angry disagreement is the Tripoli accord, so-called because it was signed in the Libyan capital where negotiations were held between Philippine government and MNLF representatives under the aegis of Col. Muammar Gaddafi.

The Tripoli accord provides for an "autonomous Muslim region" embracing 13 provinces, and Muslim rights to their own judiciary, schools, administrative systems, a popularly elected Legislative Assembly and a regional security force.

The joker in the Tripoli accord was Article 16. This authorised the Philippine government to "take all necessary constitutional processes for the implementation of the entire agreement."

President Ferdinand Marcos thus flung the April 17, 1977, referendum across the 13 provinces, where the overwhelmingly Christian population predictably voted against MNLF rule in the "autonomous region" in favour of the central government in Manila retaining control.

Two Gordian knots then linked up. The first was how to successfully forge an autonomous Muslim region in a geographical area where Christians are in the overwhelming majority. The second was how to reconcile an "autonomous region" with a Philippine constitution that provides only for limited self-government in the rural areas.

Seen in this light, the Tripoli agreement was legal absurdity. This possibly explains why its signatories have been swearing at each other ever since.

The Tripoli harpoon that the MNLF and the Islamic Conference keeps throwing at the Philippines was countered by President Marcos who last March 18 said: "But whatever happens, we already have the autonomous governments and we cannot go back and wait for the MNLF."

Nonetheless, President Marcos avoids an open rupture with the Islamic Conference whose Middle East members supply the Philippines with about 80 per cent of its oil imports. The Philippines generally votes with the Arabs against Israel in the United Nations.

Two possible solutions are for the MNLF to fall back from 13 provinces to the five where they have the majority and there organise the autonomous region or set up a joint Christian-Muslim administration over the 13 provinces with Muslims occupying the key posts.

What renders the situation tragic for the Muslims is that not long ago, in 1948, they still comprised a majority of 52 per cent of the population in western Mindanao.

This was reduced to 35.8 per cent in 1970 as Christians continued to pour into their ancestral lands from Luzon and the Visayan Islands where the population density had already peaked beyond 125 people per square kilometre.

President Marcos' government undoubtedly has done more for the south than all previous governments put together but the wounds remain deep. Grudges and vendettas multiply, passions overflow and the war goes on. — AFP



## PAP LOSES FIRST BY-ELECTION IN 13 YEARS

Kuala Lumpur BUSINESS TIMES in English 6 Nov 81 p 6

[Article by Francis Daniel in Singapore]

[Excerpts]

THE loss of one by-election will be of little concern to any long-established government, but in Singapore it has created a major sensation, sending shock waves among the ruling hierarchy.

For it broke the spell cast on the island state by Prime Minister Lee Kuan Yew's People's Action Party (PAP) and ended its 13-year monopoly of the Singapore Parliament.

What was even more distressing for Mr Lee and his colleagues was the fact that veteran campaigner J. B. Jeyaratnam had swung to his side the Anson constituency which gave an overwhelming mandate to the PAP in a general election only 10 months ago.

Calling for more political and individual rights, Mr Jeyaratnam, secretary-general of the Workers Party (WP), defeated his PAP opponent, Mr Pang Kim Hin, by a 653-vote margin to win Anson last week.

It was the first by-election since the PAP swept all 75 seats in Parliament in the December general election. Anson was previously held by PAP founder member C. V. Devan Nair who was made Singapore's President last month.

PAP officials were at a loss to explain the sudden switch in party loyal-

ties by the majority of the 14,500 voters at Anson which borders Mr Lee's Tanjong Pagar constituency — both described as lower-income working class areas.

"I had expected a shift of about 15 per cent. I never expected the additional 35 per cent. We'll have to find out why it happened and take the necessary measures," said Mr Lee.

But even ardent PAP supporters felt that Mr Lee and his colleagues could ill afford to ignore the outcome of the by-election which appeared to be an outpouring of resentment against seemingly harsh government policies over the past year.

Whether the election result reflected a groundswell against the ruling party is contentious, but as the influential English-language *Straits Times* puts it: "What cannot be disputed is that Anson voters are unhappy, even angry."

And Mr Jeyaratnam said the unhappiness stemmed from the fact that too many decisions were made at the top without taking into consideration the interests of what he described as "the silent majority."

Mr Jeyaratnam, a 55-year-old practising lawyer who had been campaigning against the PAP since 1972, conceded

that under the unbroken rule of Mr Lee, Singapore had made big economic strides.

"The question is whether we love freedom or whether we love the pot of gold which the government says it will give us in exchange for our political freedom. Do we value freedom and human dignity more than the pot of gold?" he asked.

Among some distasteful recent official moves, according to Mr Jeyaratnam, was a proposal to use national servicemen at government construction sites to help alleviate the current shortage of labour.

"The move would turn national service into a source of forced cheap labour and camps for national servicemen into forced labour camps," Mr Jeyaratnam told the electorate.

He also raised his voice against a recent amendment to the labour code which, in effect, will ban all industrial actions, including go-slows, walk-outs and sit-ins.

His attacks on Mr Goh's plan to remove government subsidies for public health services and run them on commercial lines also have apparently struck a sympathetic cord among the voters.

Most of the Anson voters, according to newspaper surveys, also complained about the spiralling cost of government-built flats, public utilities, like water and electricity, and bus fares.

Perhaps, the decisive factor in Mr Jeyaratnam's victory was the decision by all opposition parties, except a minor leftwing faction, to join hands for the first time against the giant PAP political machinery.

Mr Jeyaratnam said he would negotiate with all the opposition groups with a view to establish a united front to continue the battle against the ruling party.

On his role in Parliament, he said he would show the 2.4 million Singaporeans that he was not "just another PAP tag-along" and, although outnumbered, would not shy away from any confrontation with Mr Lee and other government leaders.

Singapore's Second Deputy Prime Minister, Mr Sinnathamby Rajaratnam, said that in the next four years, the lone opposition in Parliament would wither away unable to fulfill its promises.

"All we need do is to sit back, let our opponent make all the mistakes, and let the people realise what they are in for," he said. — Reuter

## CHANGES IN LABOR LAWS LIMIT WORKERS' RIGHTS

Kuala Lumpur BUSINESS TIMES in English 2 Nov 81 p 6

[Article by Francis Daniel in Singapore]

[Excerpts]

THE Singapore government has made crucial changes in its labour laws that will in effect ban almost all forms of industrial action by the country's trade unions.

The changes, contained in the trade disputes amendment bill passed by Parliament without debate recently, will bring union acts such as go-slow and work-to-rule under the same stringent rules governing strikes.

The amended bill stipulates that any move "designed or calculated to coerce the government either directly or by inflicting hardship on the community" will be deemed illegal.

Legal sources here said the legislation was so wide in scope that it would be impossible for any union to take militant action over grievances other than seeking redress through government channels.

But the government-backed National Trades Union Congress (NTUC) raised no objection to the new labour code and, in fact, proposed a scheme to enable closer scrutiny of union leaders.

Under the NTUC plan, advisory councils including ministers, members of Parliament and management executives, will be formed to supervise the conduct of trade unions.

Senior government officials said the labour law and the NTUC scheme were to help workers from becoming victimised by political agitation at a time when Singapore was making an all out bid to restructure its economy.

The amended labour code prohibits workers from taking industrial action over a trade dispute not directly involving them. Any union action after a dispute has been referred to the government's Industrial Arbitration Court (IAC) is also illegal.

The Labour Minister has the powers to compel both parties in an unsolved dispute to appear before the Arbitration Court whose ruling is final.

The new amendments also more than doubled the maximum penalty for breaking the labour code. A person found guilty of starting or instigating an illegal industrial action can be fined up to S\$5,000.

Opposition political leaders condemned the new legislative changes and the NTUC proposals as an attempt to tighten government control over the trade union movement because of its potential threat to the unbroken 22-year leadership of Prime Minister Lee Kuan Yew.

"The government has betrayed the labour movement, depriving the workers of their rights," declared Workers' Party leader J.B. Jeyaratnam, a practising lawyer.

Another opposition leader, lawyer Chiam See Tong, secretary-general of the Singapore Democratic Party (SDP), said: "The government has taken away what little leverage the workers had to improve their lot. Trade unions here remain only in form not in substance."

But the 75-member Parliament is dominated by the ruling People's Action Party (PAP).

The second reading of the bill was passed unanimously with government backbenchers, some of whom usually assume the role of "opposition" on important issues, avoiding any discussion.

The passage of the bill does not reflect any government concern over the unions which faithfully toe the official line under the firm leadership of the NTUC.

Under the latest government guidelines, Singapore workers have been told to discard their traditional Western-style trade unionism and establish a cooperative relationship with their employers to maintain industrial harmony.

Except for a brief

work-to-rule campaign by the pilots of state-owned, Singapore Airlines (SIA), late last year, Singapore's industrial scene has been quiet and uneventful.

The government has adopted what it describes as "a strategy of cross-fertilisation" under which union leaders are coopted into the leadership of the ruling party while government party cadres, including MPs, have filled almost all key posts in the NTUC. Its secretary-general Lim Chee Onn is a minister without portfolio.

Yet, the NTUC, the central body directing all Singapore's labour activities, commands a total membership of only 250,000 workers out of a total workforce of 1.1 million.

Mr Chiam said that despite the new law the government would find it increasingly difficult to contain workers whose rights had been gradually chiselled away.

The task would be more difficult now that a young group of technocrats with little or no experience had taken over the leadership of the NTUC, Mr Chiam said.

"The PAP obviously does not want to take any chances. It wants to arm itself with legislation to make sure that the labour movement will remain within its fold," he said. — Reuter

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